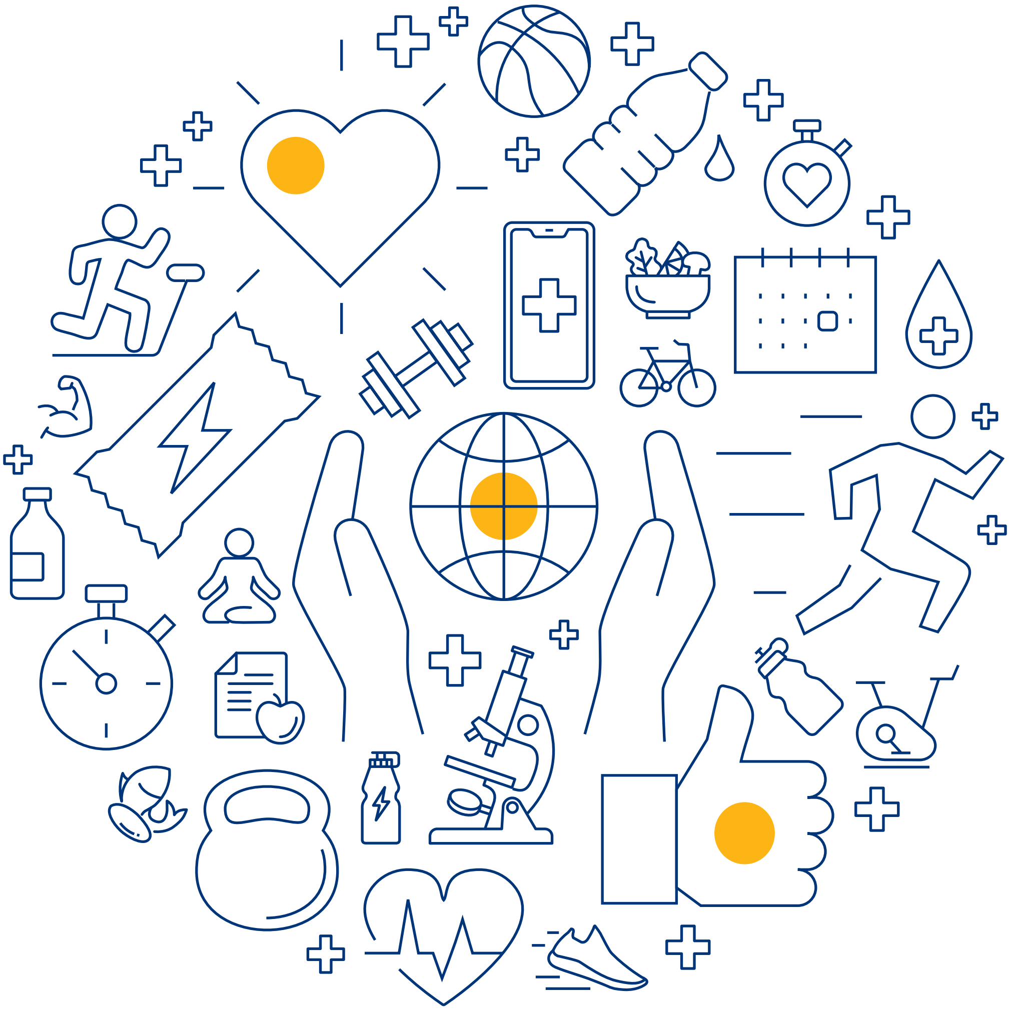
GLANBIA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021



WE BELIEVE IN **HEALTHIER LIFESTYLES**

glanbia

Glanbia is a global nutrition group dedicated to delivering better nutrition for every step of life's journey. We believe in working for the good of our business, people and planet together, every day.

We believe in...

OUR CULTURE AND PEOPLE

Read more on page 18

THE POWER OF OUR BRANDS

Read more on page 28

SCIENCE-LED INNOVATION

Read more on page 34

STRONG CAPITAL MANAGEMENT

Read more on page 42

SUSTAINABLE OPERATIONS

Read more on page 50

For definitions and more information on constant currency and other performance measures see the glossary on pages 241 to 249.

This copy of the statutory annual report of Glanbia plc for the year ended 1 January 2022 is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF annual report is available at: https://www.glanbia.com/annualreport2021

STRATEGIC REPORT

Highlights

"Glanbia delivered very strong results in 2021, across all our metrics. We progressed our strategic agenda aligning our portfolio to our growth opportunities."

Siobhán Talbot
Group Managing Director

Based on continuing operations

Revenue
€4.2bn
2020: €3.8bn
+9.8%[1]/+13.1%[2]

Profit after tax
€141.0m
2020: €120.8m
+€20.2m

Return on Capital Employed
10.0%
2020: 8.8%
+120bps

Adjusted EPS
77.84c
2020: 65.21c
+19.4%[1]/+23.9%[2]

Basic EPS
48.47c
2020: 40.93c
+18.4%[1]/+23.3%[2]

Net debt
€602.7m
2020: €493.9m

EBITA (pre-exceptional)
€270.6m
2020: €209.6m
+29.1%[1]/+34.0%[2]

OCF[3] conversion
100.2%
2020: 122.4%

1. Reported currency
2. Constant currency
3. Operating cash flow

Non-Financial Highlights

Health and safety GPN's Lost Time Case
Zero

Scope 1 & 2 GHG emissions
8% reduction
over 2018 baseline

Employee engagement score
70%

Inside this report

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FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, which by their nature involve risk and uncertainty. Please see Disclaimer/Forward-Looking Statements on page 149 for more information about these statements and certain factors that may cause them to prove inaccurate.

Glanbia at a glance

Who we are

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

We employ a team of 8,071[1] people and sell our award-winning and market-leading brands and ingredients in over 100 countries worldwide.

Revenue growth

+13.1%*

+9.8% reported

Adjusted EPS growth - continuing operations

+23.9%*

+19.4% reported

Cash conversion

100.2%

ROCE - continuing operations

10.0%

* Constant currency

1. Includes wholly-owned Group and JV's

OUR UNIQUE PORTFOLIO OF BRANDS AND INGREDIENTS

SPORTS NUTRITION AND LIFESTYLE BRANDS

GLANBIA PERFORMANCE NUTRITION

The Glanbia Performance Nutrition family has a portfolio of leading brands in sports and lifestyle nutrition that satisfy a range of consumer motivations from performance nutrition to active lifestyle and weight management. Our mission is to inspire people everywhere to achieve their performance and healthy lifestyle goals.

SPECIALITY INGREDIENTS

GLANBIA NUTRITIONALS

Glanbia Nutritionals has pioneered the development of technologies and processes for the application of whey, a valuable source of protein.

Today Glanbia Nutritionals is a leading provider of both bespoke premix solutions and whey protein isolate.

INGREDIENTS

US CHEESE AND JOINT VENTURES

Our joint ventures have access to large sustainable milk pools in the US and UK. This gives us supply chain visibility, which is a key global customer and consumer differentiator. It also gives us access to large captive whey volumes, making our broad range of high-quality ingredients a critical asset for Glanbia Nutritionals.

Our unique portfolio comprises world-leading sports nutrition and lifestyle brands and large-scale, expert capabilities in proprietary technologies in dairy and non-dairy ingredient solutions.

We add value to our portfolio by moving up the value chain from base ingredients to consumer sports nutrition and lifestyle brands.

Driving global brand growth

2021 GPN revenue
€1.3bn

2021 GPN revenue growth
+17.1%*
reported +14.5%

#1 Global sports nutrition brand

Nutritional ingredient partner of choice to global brands

2021 GN revenue
€2.9bn

2021 GN revenue growth
+11.4%*
reported +7.8%

#1 US producer of whey protein isolate

#2 Global nutritional and functional premix solutions

Visibility and access to large captive whey volumes

Scale operational excellence

#1 producer and marketer of American-style cheddar cheese

* Constant currency

Our culture and values

Glanbia's purpose and values, once again came to the fore in 2021. Thanks to the commitment of our people; Glanbia's brands and ingredients continued to reach millions of our customers and consumers across the world every day.

CUSTOMERS' CHAMPION

We are the customers' champion. Our customers and consumers do not just choose us once, but rely on us delivering for them again and again.

PERFORMANCE MATTERS

We are committed to the highest standards of performance, in quality, consistency, safety and more. We are not just delivering better nutrition, but delivering it better every day.

FIND A BETTER WAY

The drive to constantly improve is in our DNA. It has led us to innovate and collaborate. It has fueled acquisitions, partnerships, new products, and smarter ways of working.

WINNING TOGETHER

We expect a lot from our people and offer much in return. We nurture individuals but encourage everyone to work together. Winning is great, but winning together is far more rewarding.

SHOWING RESPECT

Respect underpins everything we do. Caring for people and the planet is embedded in the fabric of our business. Respect builds a better future for everyone and is vital for our success.

Group Chairman's statement

A YEAR OF STRONG GROWTH AND **POSITIVE IMPACT**

Donard Gaynor
Group Chairman

Dear Shareholder,

The past two years have reinforced my views on Glanbia's strengths, values and resilience. We asked a lot of our people again in 2021, and I am delighted for you and them, that their efforts are reflected in our strong performance. Our ability to grow, even in a pandemic, reflects the strength and depth of our portfolio of sports nutrition and lifestyle brands and nutritional ingredients. It also reflects our commitment to innovation and to the millions of relationships we have established with our consumers, customers and communities across the globe. I want to thank each and every one of our people for their hard work and commitment in 2021. The commitment of our people and our culture has successfully led us through this challenging time.

The Board is very proud of the continued resilience of the business and the ingenuity of our people in managing the challenges of the Covid-19 pandemic. Against this backdrop, the Group has delivered a very strong performance in 2021 with adjusted Earnings Per Share growth of 22.1%, against the originally guided range of 6% to 12%, on a constant currency basis. Adjusted Earnings Per Share from continuing operations increased by 23.9% on a constant currency basis. Group EBITA increased 34.0%, constant currency, to €270.6 million (+29.1% reported). Return on Capital Employed from continuing operations, a key metric for the Group, was 10.0%. The strong Operating Cash Flow conversion continued at 100.2%. Net debt at year-end was €602.7 million (2020: €493.9 million).

Strategy

Our strategic objectives continue to focus on protecting and growing our portfolio of leading brands and nutritional ingredient solutions, purposeful growth through innovation and acquisitions, and driving efficiency by embedding operational enablers. We achieve this by adhering to our core values and acting consistently with our purpose. The financial and non-financial value created for all of our stakeholders by this model makes the Group highly resilient and sustainable. We share more detail on our stakeholder engagement on pages 24 and 25, and throughout the Strategic Report you will find case studies on our core beliefs, and how we bring our strategy to life as we go about our day-to-day operations.

Shareholder returns

We have a proven cash generative business model and in line with our capital allocation policy, we launched a €50 million share buyback programme in 2020, which concluded in April 2021. We commenced a further two separate €50 million share buybacks in 2021, the latter of which continued into 2022. These programmes provide an opportunity to allocate capital to the benefit of shareholders.

In a further testament to the strength of the business, the Board concluded it is appropriate for Glanbia to deliver a strong dividend for 2021. The Board is recommending a final dividend of 17.53 cent per share for the year ended 1 January 2022. This brings the total dividend per share for the year ended 1 January 2022 to 29.28 cent per share, up 10.0% on the previous year.

Board changes

My colleagues on the Board are experienced business leaders who bring a wealth of knowledge and experience from diverse sectors. This supports the Board's discussions on the strategic, operational and sustainability issues, which affect the Group today and do so in the future.

There were a number of changes in the composition of the Board and Committees during 2021. The most significant change was in accordance with the amended and restated Relationship Agreement effective 23 February 2021 (the 'Relationship Agreement') between Glanbia plc ('the Company') and Glanbia Co-operative Society (the 'Society'), which reduced in 2021 the number of Non-Executive Directors nominated by the Society ('Society Nominee Directors') from seven to six. Society Nominee Non-Executive Director Martin Keane retired from the Board at the conclusion of the 2021 AGM. I would again like to take this opportunity to thank Martin for his commitment and wise counsel during his tenure.

The Society will reduce its representation on the Board (from seven to three by 2023) in order to facilitate the appointment of additional Independent of the Society Non-Executive Directors and further strengthen the diversity of the Board. In line with this agreement with the Society, the Board will reduce from 15 members to 13 by 2023.

We were delighted to welcome Paul Duffy, who joined the Board as Independent Non-Executive Director on 1 March 2021, returning the number of Independent Non-Executive Directors to six. Paul brings significant brand experience to the Board, full biographical details for Paul can be found on pages 82.

On 24 February 2022 Patrick Coveney informed the Board that he would step down as Non-Executive Director effective 30 March 2022. A process to identify two new Independent Non-Executive Directors is currently under way. Additionally, in line with the Relationship Agreement Vincent Gorman, Society Nominee Director, will retire from the Board at the conclusion of the AGM on 5 May 2022. I wish to thank Patrick and Vincent for their commitment and valuable contributions to the Board during their tenure.

We are also pleased that as at the date of this Report female Directors comprise 33.3% of our Independent (of the Society) Non-Executive Directors.

Glanbia Ireland

For many years the Group has enjoyed a valued partnership with the Society in creating a strong business under our joint stewardship. In 2021, the Society members voted to approve the purchase of the 40% stake in Glanbia Ireland owned by the Company. On 25 February 2022, the Group's Independent shareholders approved the transaction. Upon completion (which is expected to occur in the first half of 2022) Glanbia Ireland will become 100% owned by the Society and operate as an independent business.

The sale will allow us to focus on driving growth through our market leading positions as a brand owner and ingredient solutions provider, playing into strong underlying consumer health and wellness trends.

Our climate commitments

Our strategy is not only about financial performance, it is about doing great business in an authentic socially responsible way to make a real difference for all of our stakeholders. Now, more than ever, it is incumbent on organisations like Glanbia to lead with purpose and act as a force for good. Our strategy is fully aligned with the environment that we depend on, and the consumers, customers and communities we serve. Climate change is a significant issue and the transition to a low-carbon economy will create both risks and opportunities for all businesses.

2021 has seen a marked acceleration in our focus on our Environmental, Social and Governance (ESG) commitment. During the year, we established a new ESG Board committee, which I chair, sending a clear message about our commitment from the top. The objective of the new committee is to provide oversight of Glanbia's environmental programme: Pure Food + Pure Planet, and driving further progress in our social and governance agendas.

As outlined throughout this Report, we are committed to the United Nations Sustainability Development Goals and are focusing on those where our business operations can make the most impactful contribution. In doing so, we also continue to extend our assessment of climate change impacts and our existing disclosures, on our journey to adopting all the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the UK Corporate Governance Code. (See pages 52 to 66 for our Sustainability Report and TCFD Report and page 80 for our UK Corporate Governance Statement).

Our culture

One of the challenges of the Covid-19 pandemic has been and remains the restrictions placed on the mobility around the business. This has limited the ability of the Non-Executive Directors to visit various locations, as would be the norm, and to meet our colleagues.

However, the strength of Glanbia's culture and values are such that despite the challenges, our colleagues remain engaged with our ambitions as evidenced by the annual engagement pulse survey that saw an employee engagement score of 70%.

Despite the restrictions on movement, I was delighted as Non-Executive Director for Workforce Engagement, to join digital meetings with colleagues to hear their views, answer questions and stay in touch. As a Board, we were also delighted to resume in-person meetings in line with public health guidance in August 2021.

As detailed on pages 22 and 23, the Board is committed to promoting a corporate culture that is more diverse and inclusive with the development and roll out of a new Group-wide Diversity, Equity and Inclusion (DE&I) strategy, to ensure that everyone has equal opportunities, can contribute fully and reach their full potential regardless of gender, religious belief, ethnicity, nationality or sexual orientation.

Delivering better nutrition now and for the future

To conclude our people have delivered a strong performance in a challenging and volatile environment, and we exceeded each of our financial targets for the year, across revenue growth, adjusted Earnings Per Share growth, operating cash flow conversion and cash returned to shareholders. Our teams achieved this while always prioritising the health and safety of our people.

While we are pleased with these results and the overall strength of our business and our growth strategy is clear, the external environment continues to be volatile and difficult to predict. Indeed, the biggest uncertainty we face is the increased geopolitical tensions and the disruptive effect of the pandemic across the cost and efficacy of supply chains.

However, the Board and I are confident that the strong foundations of the Company will enable further growth. This confidence comes from knowing that, through the most challenging of times, we continue to work together towards our purpose of delivering better nutrition for every step of life's journey.

Glanbia's diverse and resilient business model, the range and breadth of the Group's sports nutrition and lifestyle brands and nutritional ingredients coupled with our extremely strong balance sheet, ensures that Glanbia can capitalise on healthier lifestyle trends, and is well placed to continue its growth and development into the future.

Donard Gaynor
Group Chairman

Group Managing Director's review

DELIVERING A STRONG **PERFORMANCE**

Siobhán Talbot
Group Managing Director

Our strong performance in 2021 once again demonstrated the strength and resilience of Glanbia's portfolio of global sports nutrition and lifestyle brands and nutritional ingredients and validated our strategy for growth. The Covid-19 pandemic continued to test our purpose, people, and business model, but I am really proud of how we navigated the pandemic-related challenges over the past two years. From the outset, we continued to execute the strategic priorities outlined early in 2020 and this strategic focus, combined with strong tactical execution, positioned the Group well for the growth delivered in 2021.

Our primary focus remained steadfast on the safety and wellbeing of our people and their families. We continued to respond with speed and agility to market volatility keeping our global facilities operating, and sustaining a robust supply chain, while all the time, growing our business.

Yet again, our people and our extended community of supplier and customer partners stepped up to the challenge. The response and commitment of all our people to serve our consumers and customers has been outstanding. Everyone has shown remarkable fortitude in the face of an unprecedented challenge over the past two years and I am very grateful and very proud of all my Glanbia colleagues around the world who delivered such strong performance in 2021.

Our strategy and performance

In 2021, we strengthened and executed our strategy while 'delivering better nutrition' for our consumers and customers. It was a busy year for the Group, one in which we moved quickly to deliver on our objectives in line with changing market realities. Our approach yielded very strong results with revenue and earnings recovery. Revenue for the year at €4.2 billion was up 13.1% constant currency (reported 9.8%), adjusted Earnings Per Share for continuing operations was up 23.9% constant currency, and Operating Cash Flow conversion exceeded 100%.

We also made strong progress on a number of our key strategic objectives including:

- significant progress on the Glanbia Performance Nutrition (GPN) transformation programme driving revenue and margin growth;
- €76.1 million investment in the accretive acquisition of a 60% stake in LevlUp, a European gaming nutrition brand within the GPN brand portfolio and the acquisition of PacMoore, a US food ingredients company as part of the Glanbia Nutritionals (GN) portfolio;
- progressive capital allocation through the completion of €91.3 million share buyback programmes;
- progression of the planned disposal of the Group's 40% shareholding in Glanbia Ireland to Glanbia Co-operative Society; and
- advanced our Environmental, Social and Governance agenda across many areas including adoption of science based environmental targets, progression of the Group-wide Diversity, Equity and Inclusion (DE&I) agenda and revised governance at Board level.

Our markets

Our long-term drivers of growth remain unchanged, and the ongoing global response to Covid-19 has in fact amplified many of the market trends that drive our growth. There is much talk of a 'new normal' in a post Covid-19 environment but in reality, we expect to see more of an acceleration of changes that were already underway. The move to health and wellness, fitness and active lifestyles, is only going to increase further as a result of the experience we have been through. We also expect the heightened awareness of nutrition including supplementation, immunity boosting and a desire for more functional foods to further accelerate. While consumption trends are changing, so too are shopping behaviours and our broad portfolio, and geographic and channel reach ensures that Glanbia is well placed to serve our customers and consumers needs with a portfolio balanced across sports nutrition and lifestyle brands, and functional ingredient solutions.

Protecting the world around us

Glanbia has a long, rich heritage that dates all the way back to the early 1900s when the purpose of the Company was to deliver a brighter future for the communities in which it operated by adding value to their farm produce. Our purpose today, to deliver better nutrition for every step of life's journey, is not too far removed from this. Now more than ever, we understand that a desire for a brighter future is still a driving force for the consumers, customers, suppliers and communities, we serve.

They trust the essence of our portfolio of brands and ingredients and we will work to assure them that they can trust us in our efforts to protect the planet too. Climate change is the defining issue of our generation. In 2021 under the stewardship of a dedicated Board Committee, we strengthened our resourcing and governance across all areas of our Environmental, Social and Governance agenda. Our Pure Food + Pure Planet sustainability strategy which is detailed on pages 52 and 53 sets out clear priorities based on the most material issues to our business.

From an environmental perspective we identified carbon, waste and water as key focus areas where we will drive progress by engaging, empowering and advancing sustainable practices across the entire organisation in collaboration with our suppliers and business partners.

When it comes to social sustainability, our goal is to create a sustainable and resilient organisation for the future. Our people truly embraced this goal in 2021 and the organisation was never more ready to take meaningful action on what will be a multi-year journey. Our global DE&I policy which was rolled out in 2021 underscores this commitment to build a diverse and inclusive culture where everyone feels they can be themselves and all share in equal opportunity to thrive as 'Together We Are More'.

Glanbia Performance Nutrition

As I mentioned earlier, the global consumer response to Covid-19 has increased the relevance of sports and performance nutrition to a broader audience, as health has come into sharp focus. GPN's branded portfolio sits at the heart of this positive trend.

In 2021, GPN's transformation programme progressed extremely well delivering revenue growth and margin improvements ahead of the business case. The business saw revenue grow to €1.3 billion, an increase of 17.1% constant currency (14.5% reported) when compared to the prior year. This was largely driven by volume growth of 11.4%, price increases of 4.5% and the acquisition of LevlUp, delivering 1.2%.

GPN has been agile in its response to changing market dynamics. The transformation programme built a foundation of sustainable top line and margin enhancement initiatives. 2021 demand has been very robust and the business managed supply chain dynamics extremely effectively to meet this demand. As we moved through 2021, inflationary pressures became evident and again the business responded quickly with mitigating actions across pricing and efficiency measures. Through all this changing landscape, GPN has continued to prioritise brand building investment to drive long-term sustainable growth. Globally our Optimum Nutrition (ON) brand performed very strongly in 2021. The lifestyle brand portfolio, also delivered revenue growth with think! and Amazing Grass performing well, while SlimFast was somewhat impacted by ongoing headwinds in the diet category but is continuing to invest in marketing and innovation. Regionally, strong growth was delivered across both the Americas and Internationally.

The business streamlining and organisational transformation that is now largely completed across all regions provides a strong foundation for GPN future growth momentum.
For more information on GPN, see pages 30 to 33

Glanbia Nutritionals

GN delivered 2021 revenue of €2.9 billion, an increase of 11.4% versus prior year on a constant currency basis (7.8% reported). This was driven by a volume increase of 18.1% offset by a price decrease of 7.7% with acquisitions delivering 1.0% revenue growth. Nutritional Solutions (NS) revenue increased by 20.8% constant currency (17.5% reported) and US Cheese by 7.7% constant currency (4.0% reported) in the year. GN NS revenue growth was driven by volume increase of 13.6%, price increase of 3.7% and acquisitions 3.5%. The broad sectoral reach of NS nutritional ingredients drove strong volume growth across the portfolio, which was augmented by newly commissioned joint venture (JV) dairy capacity. Accelerated by the consumer response to the pandemic, strong global demand from customers orientated to health and wellbeing drove strong demand for the NS portfolio of micro-nutrient blends and healthy snacking solutions in a range of product formats. In 2021, NS also continued its progression of organic and acquired growth through the acquisition of the US food ingredients company PacMoore, providing further solutions capability in the healthy snacking category.

US Cheese revenue increased by 7.7%, constant currency, in the period. This was driven by volume growth of 19.8% offset by a price decline of 12.1%. Volume growth was driven by cheese sales from the newly commissioned Michigan JV while pricing reflected market dynamics.
For more information on GN, see pages 36 to 39

Joint Ventures

Our JVs performed well in 2021, demonstrating the strength of our models. GN's US Cheese team continues to operate all of the wholly-owned and US JV dairy processing plants. The new large-scale JV plant in Michigan, US was fully commissioned during the second quarter of 2021 with commissioning of the Glanbia Cheese EU JV plant in Portlaoise, Ireland due for completion in 2022.

Following a long and successful partnership with Glanbia Co-operative Society (the 'Society') in the Glanbia Ireland business, we have in 2021 progressed the sale of our 40% shareholding in Glanbia Ireland to the Society for €307 million. In December 2021, members of the Society approved the transaction and on 25 February 2022, the Group's Independent shareholders approved the transaction. We expect the transaction to close by the first half of 2022.
For more information on the performance of our JVs, see pages 40 and 41.

Looking forward

While, Covid-19 and the intensifying geopolitical crisis has reminded us all of the fragility of the world we live in, we remain positive about the future. We believe that as a values led organisation, we can play a positive role for all our stakeholders. We will continue to drive a progressive agenda on issues like climate change and social inequality. We are committed to serving our consumers and customers through our purposeful brands and ingredients, which are now more relevant than ever.

Our proven strategy has the clarity and agility to support the evolution and growth of our business. Our growth journey will continue to be a blend of organic, M&A and portfolio activity as our strong financial position will allow us to capitalise on opportunities as they arise.

Siobhán Talbot
Group Managing Director

Market trends

LEADERS **IN LARGE AND GROWING MARKETS**

A growing focus on healthy and active lifestyles and a greater understanding of the link between diet, exercise and health is driving strong demand for our brands across the globe.

Markets trends

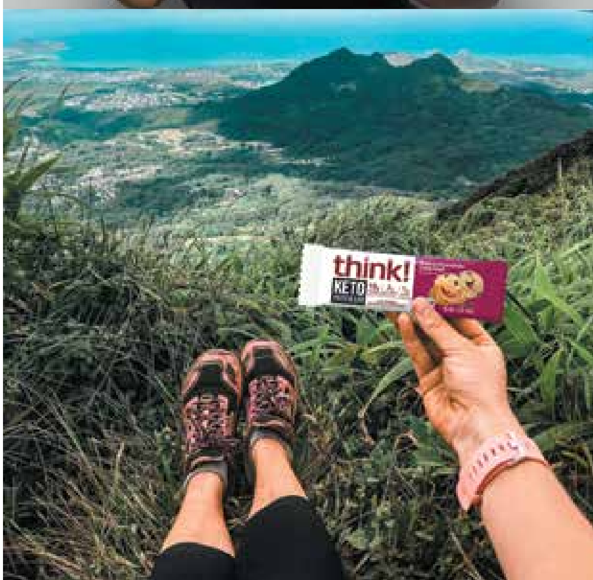
Our markets continue to evolve as today's busy consumers want to stay fit and healthy. Underlying this in many markets across the globe, is a growing focus on active lifestyles as consumers become more educated about the benefits of a health and fitness lifestyle and governments play an increasingly active role in encouraging and sponsoring healthy living initiatives among their populations, in particular in emerging markets.

To fuel the demands of their on-the-go lifestyle, consumers are looking for functional food and beverage brands that are high in protein, sustainable, good tasting and in an easy-to-use format. The shift from traditional three-meals a day lifestyle continues apace, with snacking and convenience playing a critical role in everyday routines. There is also greater awareness of the benefits of good nutrition across ages and genders. As people live longer they are looking to understand specific nutritional and fitness plans to support their lifestyles whatever their age. Finally, digital consumerism has heightened expectations for individualised nutrition and fitness plans.

Meeting market demand

Whatever our consumers' nutrition and wellness ambitions are, our trusted performance and lifestyle nutrition brands will inspire them to achieve their performance and healthy lifestyle goals. For more than 35 years, Optimum Nutrition™ has supported athletes all over the world in achieving their sports performance goals, with Optimum Nutrition™ Gold Standard Whey the number one global protein powder sold in over 90 countries, BSN™ and ISOPURE™ rounds off the GPN Sports Nutrition portfolio. For active-lifestyle consumers, Amazing Grass™ is a plant-based nutrition brand for people who want to live a healthier life while think!™ offers a range of high quality, high protein, nutritional 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.

Read more on pages 30 to 33



GROWING DEMAND **FOR INGREDIENT EXPERTISE**

Customers and consumers are searching for better, healthier and smarter nutritional ingredients and solutions that fit their lifestyles.

A thriving functional ingredients market

Today's busy consumers want to be in control of their health and are increasingly seeking products with clean, healthy ingredients and added functional benefits. A desire for improved energy, immunity and mental health is driving the demand for functional foods and beverages that are high in protein or fortified with specific health and wellness benefits. Consumers are also looking for on-the-go snacks that are tailored to individual needs and fit a busy but healthy lifestyle. Furthermore, an ever-increasing lifespan coupled with globally low birth rates also combine to form an ageing population with changing nutritional needs. These global macro trends have resulted in significant changes in how consumers meet their nutritional requirements and in turn has led to a proliferation of new products and formats across the food and beverage sector.

Our ingredients expertise and capabilities

As a large-scale global provider of ingredient and functional solutions and one of the biggest cheese manufacturers in the world, Glanbia Nutritionals (GN) is well positioned to capitalise on these market trends. We have established our leadership positions in protein and micro-nutrient premix solutions by building close relationships with key global and regional customers in attractive, growing end-markets. GN innovation and capabilities in the fast-growing ready-to-eat, ready-to-mix and ready-to-drink categories is ideally positioned to benefit from the consumer demand for consumption convenience. Our protein solutions have transformed the bar and beverage categories over several years. Our aim is to ensure that GN continues to leverage both its dairy and plant-based protein capabilities to meet the ever-evolving demands of customers and consumers across the globe.

Read more on pages 36 to 39

Our Business model

HOW WE ADD **VALUE**

DRIVEN BY

Our Purpose

DELIVERING BETTER NUTRITION FOR EVERY STEP OF LIFE'S JOURNEY.

Our Values

Customers' champion

Performance matters

Find a better way

Winning together

Showing respect

Read more on page 3

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

HOW WE ADD VALUE

We believe in

OUR CULTURE AND PEOPLE

THE POWER OF OUR BRANDS

SCIENCE-LED INNOVATION

STRONG PORTFOLIO AND CAPITAL MANAGEMENT

SUSTAINABLE OPERATIONS

Read more on page 18, 28, 34, 42 & 50

Driven through three strategic priorities

PROTECT AND GROW OUR PORTFOLIO OF BRANDS AND INGREDIENTS

PURPOSEFUL GROWTH THROUGH INNOVATION AND ACQUISITIONS

FUEL GROWTH BY INVESTING IN ORGANISATIONAL ENABLERS

Read more on pages 12 to 17

THE VALUE WE CREATE

Delivering shared value for our stakeholders

Committed people

We invest in our people throughout their careers. We provide competitive rewards and benefits, clearly aligned with performance, and offer opportunities for further career progression.

Employee payments for wholly-owned group

€451.9m

Total Group employee numbers including JV's is 8,071

Investors

We have a progressive dividend policy with a targeted dividend payout ratio of between 25% and 35% of adjusted Earnings Per Share. We met this target in 2021 with a payout ratio of 33.6%.

Dividends to shareholders in FY 2021

€84.5m

Consumers and customers

Optimum Nutrition™ (ON) enjoys strong brand loyalty from its users and saw consumption growth in top five tracked markets (US, UK, India, China & Australia).

ON consumption growth

18.8%*

*Consumption numbers are on US channels on the 52-week period up to 26th December 2021

Communities

The Great Pink Run with Glanbia raised over €650k for breast cancer research. We also contributed directly to causes in our local communities.

Charitable donations

€1m+

Suppliers

The Carbon Disclosure Project (CDP) Supplier Engagement score improved significantly to A- against a sector average of B-.

CDP Supplier Engagement Score

A-

Environment

We validated our decarbonisation targets with the Science Based Targets initiative (SBTi). Our focus on energy efficiency has delivered a reduction in our Scope 1 and 2 GHG emissions by 8% from 2018 baseline.

Carbon emissions change since 2018

-8%

STRATEGIC REPORT

Strategic priority #1

DELIVER GROWTH THROUGH OUR PORTFOLIO OF LEADING BRANDS AND INGREDIENTS

Our core brands and nutritional ingredients hold market-leading positions in categories that are driven by strong underlying health and wellness trends.

2021 Progress

GPN

- Continued strong execution of transformation programme driving top line and margin momentum ahead of target;
- Like-for-like branded growth of 18.3% constant currency with strong growth in all regions;
- Optimum Nutrition continued to perform well with market share gains in the top five tracked markets (US, UK, India, China and Australia); and
- Focused brand development in growth channels with over 64.4% of sales in online and Food, Drug, Mass and Club (FDMC) channels.

GN

- Strong Nutritional Solutions' (NS) like-for-like revenue growth at 17.3% constant currency with strong volume growth at 13.6%;
- NS portfolio depth and reach facilitated strong growth in trending categories as strong capabilities in functional and nutritional ingredients delivered to customer needs for improved immunity and general health offerings; and
- Completed the integration of Foodarom, a Canadian flavours business, with our NS business.

Looking ahead to 2022

GPN

- Continue to leverage the transformation programme to drive long-term sustainable top line and margin growth and mitigate the impact of inflation;
- Continue to position Optimum Nutrition™ and SlimFast™ as our global brands via channel development, innovation and consumer advocacy;
- Capture further global growth in key growing channels; and
- Innovate in broadening reach of key brands across consumer motivations and usage occasions.

GN

- Maintain NS's strong growth rate with local and global brand owners; and
- Continue to build out NS's business through enhanced capabilities, innovative technologies and acquisitions.

Link to remuneration
Read more on page 118
Key Risks
Read more on page 72

KPIs

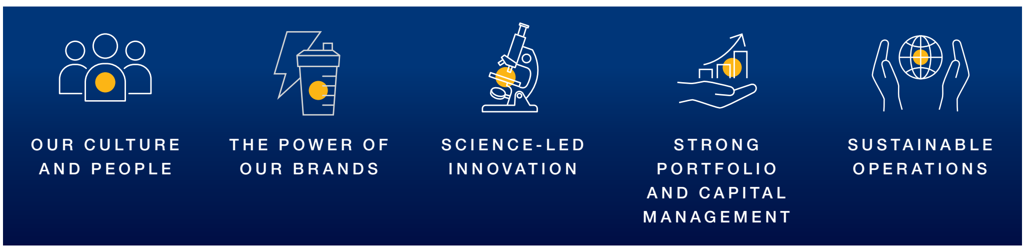
Adjusted EPS - continuing operations
77.84c
+23.9% constant currency
+19.4% reported currency

GPN Revenue
€1.3bn
+17.1% constant currency
+14.5% reported currency

GN Revenue
€2.9bn
+11.4% constant currency
+7.8% reported currency

Revenue Volume Growth
16.1%

Basic EPS - continuing operations
48.47c
+23.3% constant currency
+18.4% reported currency



STRATEGY-IN-ACTION

DELIVERING **YOUR DAILY ENERGY BOOST**

With a rich 35+ year history of providing premium quality products Optimum Nutrition™ is helping consumers to manage their increasingly busy lives through the expansion of its Optimum Nutrition™ AMIN.O. Energy product into a sparkling ready-to-drink format.

Offering energy seekers 100mg of caffeine from natural sources with added electrolytes to support energy, focus, and hydration, Optimum Nutrition™ AMIN.O. Energy sparkling hydration drink continued to reach consumers across Convenience, Food, Specialty, Gym and eCommerce retailers in North America. Optimum Nutrition™ AMIN.O. Energy Sparkling has secured over 30 new distribution partners in the US and is seeing strong initial growth in top tier markets including the UK and Australia.

Strategic priority #2

GROW THROUGH INNOVATIVE SCIENCE 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.

2021 progress

- In our GPN branded business we increased brand investment and extended our channel reach across all markets, delivering double-digit like-for-like growth in the year;
- Acquired a 60% stake in LevlUp, a European gaming nutrition brand company for €31.8 million;
- In our GN NS business we have broadened our customer portfolio as a partner of choice to many emerging as well as established brand owners;
- Acquired PacMoore Process Technologies, a US food ingredient solutions business for €44.3 million;
- Fully commissioned new $470 million dairy JV facility in Michigan, US (MWC); and
- Agreed the disposal of our 40% interest in Glanbia Ireland to Glanbia Co-operative Society for €307 million.

Looking ahead to 2022

- Maintain brand investment driving further channel reach and penetration;
- 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;
- Complete commissioning of the Glanbia Cheese EU JV plant in Ireland; and
- Complete the disposal of our 40% interest in Glanbia Ireland.

Link to remuneration
Read more on page 118

Key Risks
Read more on page 72

KPIs

Adjusted EPS - continuing operations

77.84c

+23.9% constant currency
+19.4% reported currency

OCF conversion

100.2%

-222bps

ROCE - continuing operations

10.0%

+120bps

Total Shareholder Return

21%

2020: 5%

Basic EPS - continuing operations

48.47c

+23.3% constant currency
+18.4% reported currency

OUR CULTURE AND PEOPLE | THE POWER OF OUR BRANDS | SCIENCE-LED INNOVATION | STRONG PORTFOLIO AND CAPITAL MANAGEMENT | SUSTAINABLE OPERATIONS

STRATEGY-IN-ACTION

DEVELOPING **CUTTING EDGE INGREDIENTS**

Consumers are seeking food, beverages and supplements that help improve their sleep and reduce stress and anxiety.

Our R&D team at Nutritional Solutions (NS) quickly responded to these consumer needs by bringing a new functional product to market in 2021.

Our R&D team took a highly studied ingredient with clinical trials on improving quality of sleep, stress & anxiety and cardio endurance and applied our knowledge of flavour masking and fluid bed technology, which resulted in NS developing a microencapsulated ingredient product that is very functional in multiple applications. Following its launch, the product drew immediate attention from supplement customers and as the technology can be used in different applications, the product is also attracting a lot of interest from customers in the ready-to-drink (RTD) and ready-to-mix (RTM) beverage segments.

Strategic priority #3

FUEL GROWTH BY CONTINUING TO INVEST IN **ORGANISATIONAL ENABLERS** ACROSS THE BUSINESS

Delivering investor returns in a sustainable and responsible way requires us to be innovative and accountable for our actions. The Group is supported by vital growth enablers across talent retention and development, sustainability and risk management, all combining to set a consistent strategic direction.

2021 progress

- Continued the Group technology investment programme to drive opportunity and enhance efficiencies;
- Commenced the implementation of our Group-wide 2030 sustainability strategy;
- Completed a Group-wide employee engagement survey;
- Embedded a new Group-wide flexible working model to create an agile working environment which will remain post pandemic;
- Rolled out a Group-wide Diversity, Equity and Inclusion strategy; and
- Revised GPN operating model in Americas to accelerate its growth agenda.

Looking ahead to 2022

- Continue to drive diverse and inclusive strategic talent acquisition, retention and development agenda;
- Evolve organisational design to effectively deliver to employee needs in a post pandemic environment;
- Continue to engage employees through clear action responses to the 2021 engagement survey;
- Evolve our ESG roadmap to deliver our sustainability goals; and
- Continue technology investment to digitize operating activities including for example, supporting the significant transformation of the Group-wide HR activities.

Link to remuneration

Read more on page 118

Key Risks

Read more on page 72

KPIs

Employee Engagement Score

70%

Percentage of employees who said they were happy working at Glanbia.

Carbon Emission

-8%

Scope 1 & 2 GHG emissions reduction since 2018 baseline.

OUR CULTURE AND PEOPLE

THE POWER OF OUR BRANDS

SCIENCE-LED INNOVATION

STRONG PORTFOLIO AND CAPITAL MANAGEMENT

SUSTAINABLE OPERATIONS

STRATEGY-IN-ACTION

DELIVERING GPN TRANSFORMATION

Ideation sessions

We ran ideation sessions to brainstorm ways to improve profitability and/or revenue growth and prioritise new initiatives.

Execution engine

We internalised routines and mindsets to effectively plan, manage, and implement projects.

Capability building

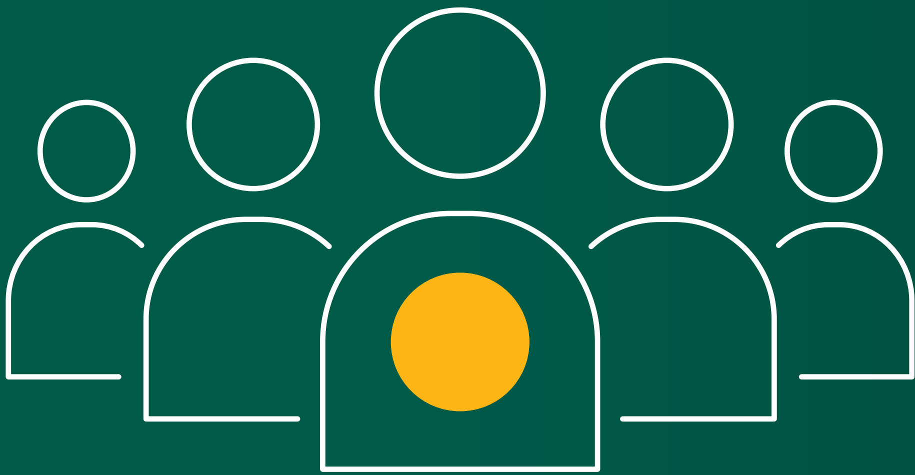
Through the transformation programme we invested to build individual and team capability across a variety of areas such as revenue growth management, and embed learnings and competencies that will drive our future growth agenda.

2021 year-on-year EBITA margin improvement

+320bps (Constant Currency)

Margin improvement underpinned by the realisation of benefits from GPN transformation programme.

We believe in healthier lifestyles



WE BELIEVE IN **OUR CULTURE** AND PEOPLE

Our people are at the heart of our business and we are committed to nurturing a high performing, inclusive and respectful culture where each individual feels engaged, valued and supported to develop and grow. We want our people to feel passionate about our purpose, connected to our shared values and empowered to be their best. We consistently invest in their development and prioritise their health, safety and wellbeing at all times.

Keeping our people safe

In response to Covid-19, we launched the Advanced Observation Programme (AOP) for several of our larger US-based sites. It was anticipated that the impact of staff shortages would have a detrimental effect on production continuity at sites, with an adverse knock-on effect on suppliers and consumers. In an effort to prevent this from occurring, the AOP was implemented with the singular goal of keeping people safe and well at work. The programme used stringent site safety protocols as well as US Centers for Disease Control and Prevention (CDC) guidance, and on-site occupational health support. Since inception, over 900 personnel have gone through the programme with an over 90% success rate (ability to remain in the work place rather than having required quarantine without the AOP), while rigorously maintaining safety standards for all employees. To achieve this, over 2,500 tests were conducted by a Glanbia provided third party occupational health service, to ensure risk management and compliance to all CDC requirements.

Together We Are More

Our vision for our diversity, equity and inclusion strategy is that we celebrate individuality, knowing that Together We Are More. This year we accelerated our diversity, equity and inclusion journey, establishing our first global and regional employee resource groups, updating our talent acquisition practices to ensure more diverse candidate pools and investing in inclusive leadership capability for our people. It is important that our people feel they can bring their authentic self to work. Being yourself is the best way to form meaningful relationships, which are integral to career success and growth. Therefore, we were delighted to see in our annual employee engagement survey that 77% of employees agreed that they feel comfortable being themselves at work. Our employee engagement survey also revealed continued high levels of pride among our people in Glanbia's products and services with 80% of those surveyed saying they would be happy to recommend Glanbia's products to a friend or family member.

27%

of direct reports to the Group executive team are women.

82%

Feel physically safe in the workplace.

80%

Agree that they feel proud of Glanbia's products and services.

Our People

SUPPORTING OUR **PEOPLE TO PERFORM AND FLOURISH**

Sue Sweem
Chief Human Resources Officer

"We believe in fostering a people-first inclusive culture where our employees have the freedom to succeed and where they feel valued for their contribution to Glanbia."

Continuing to keep our people safe

The health and safety of our people continues to be our top priority. Throughout the Covid-19 pandemic we implemented progressive policies and procedures to help keep them safe and to enable us to successfully navigate the pandemic. In 2021, we focused our efforts on health and safety procedures to minimise the risk of contracting or spreading the virus at our sites, as well as encouraging and facilitating employees to get vaccinated in line with local public health programmes globally.

Investing in our people's growth and development

Continuing to invest in our people is critical to our future success. In 2021, we launched a bespoke global leadership capability model 'Lead for Growth'. This model is rooted in our values and describes the critical leadership capabilities to thrive and grow into the future, ensuring sustained growth for our people and our business. We continued to deliver our suite of customised high potential leadership programmes virtually in 2021, including the Senior Leadership Programme (SLP) for senior executives from across the Group. This included virtual workshops with global faculty and industry speakers, learning labs, coaching and psychometrics. The virtual nature of learning in 2021 resulted in greater participation in learning events, with 90% of the total workforce participating in our learning and development programmes this year, up 49% on 2020. In addition, we increased our investment in developing our people's skills in the areas of leadership and personal effectiveness and built on our in-house mentoring offerings.

The Group also completed its talent and succession review, our Organisation and People Review (OPR) during the year, which assesses succession bench strength and emerging issues and opportunities in our talent planning. Succession mapping for key roles was completed with a number of key senior hires made throughout the year and development plans accelerated to meet current and future succession needs. Of the senior leadership team, 43% now have the potential to move to the next level. Overall, our internal talent mobility continued to be high with one in four salaried roles now filled internally (+2% on 2020).

Our Pure Ambition Graduate Programme continues to play an important role in our talent strategy by supporting emerging leaders to achieve their potential through dedicated development programmes.

Smart working

Building on feedback from employee engagement data, we continued to roll out our Smart Working programme in 2021. Smart Working is an outcome driven work model that enables flexible ways of working to deliver superior business performance, greater productivity and support employee wellbeing. Core principles of the model include flexible hours; blended working where employees can balance working both remotely and onsite on an ongoing basis; and flex Fridays where eligible.

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 detailed health and safety measures to protect frontline workers this year, we provided care packs to employees on the frontline and recognised their efforts through appreciation awards in recognition of their service during the pandemic. 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 offered 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 approximately 1,000 employees globally participating.

Culture and engagement

Staying connected and supporting our people's health, safety and wellbeing through the Covid-19 pandemic was a key engagement priority in 2021. Throughout the year we found innovative ways to engage with our people, mostly online, through health and wellness challenges and webinars, leadership updates, townhall meetings and virtual social events. Further roll out and embedding of our Smart Working policies also increased opportunities for people to work flexibly.

Glanbia's Your Voice employee survey conducted in 2021 showed employee engagement at 70% with high levels of pride in Glanbia's product and services and physical safety at work exceeding industry benchmark. We also made progress on physical safety at work as well as increasing our scores in equal opportunity and communication.

Total group employees in 2021

8,071

92 nationalities across 32 countries

GPN	GN	Joint Ventures
2,032	**2,685**	**3,354**
including LevlUp acquisition	including PacMoore acquisition	including Glanbia Ireland

Key areas identified for further improvement included wellbeing and communication with action plans developed to support these areas. A re-evaluation of our engagement tools is currently underway, as we plan for the changed dynamics of our workplaces going forward.

Health and safety

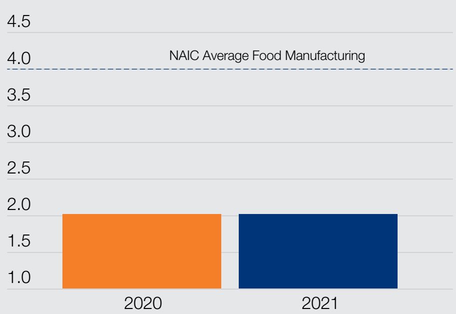
In 2021 we realigned our health and safety reporting metrics to focus on performance against industry benchmarks, based on the manufacturing specific North American Industry Codes (NAIC). Driven by Total Recordable Incident Rates (TRIR)[1] and Lost Time Incident Rates (LTIR)[2] for sites, this also allows Glanbia to compare results against industry peers for sites as well as the Group as a whole. We believe that these metrics are an effective way to drive improvement as well as overall organisational 5-year TRIR and LTIR rates.

Zero critical injuries (i.e. fatality or life changing injury) were reported across the Group in 2021. GPN achieved zero Lost Time Cases (LTCs) which represents 18% of Group-wide reporting locations, an achievement reflecting our ambition to aspire to 'Zero Harm'. Outside of GPN, a further 41% of all reporting locations also had zero LTCs, resulting in a total of 59% of all reporting locations within the Group having zero LTCs. Expanding the excellent practices and learnings from GPN's performance will be a top priority for the Health and Safety Leadership Team (HSLT) and Operational leadership.

We have improved our health and safety performance year-on-year and have scored well above food industry benchmarks for both TRIR (2021: 1.99 vs. 2020: 2.00) and LTCs (0.76, a 23% improvement on 2020) on an aggregate basis. We have strong capability across the Group with warehousing, laboratories, offices and milling facilities overall out-performing their NAIC industry benchmark. In our major manufacturing sites, 70% of our dairy facilities are at or better than their peer benchmark. We will drive action plans in 2022 to ensure the remaining sites reach benchmark performance and, like all sites, maintain a zero critical injuries target.

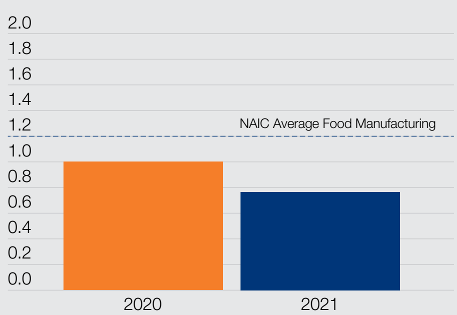
Health and Safety Benchmarking – Food Manufacturing

Total Recordable Incident Rate (TRIR)[1]



Glanbia's 2021 TRIR score is 1.99, down from 2.0 in 2020 and substantially lower than the NAIC Average of 4.0.

Lost Time Incident Rate (LTIR)[2]



Glanbia's 2021 LTIR was 0.76, down from 0.99 in 2020. Glanbia's score is significantly lower than the NAIC Food Manufacturing Average of 1.2.

1. TRIR is the number of recordable, work related incidences per 200,000 hours worked.
2. LTIR is the number of loss time work related incidences per 200,000 hours worked.

Diversity, Equity & Inclusion

BUILDING A **DIVERSE AND INCLUSIVE CULTURE**

In 2021, we continued to lay solid foundations to bring our Diversity, Equity and Inclusion (DE&I) strategy to life in a meaningful way. Glanbia's DE&I vision is to advance a culture where we celebrate individuality, knowing that 'Together We Are More'.

A governance structure for DE&I was established during the year, as part of the Group's wider ESG governance framework, including the appointment of the Group's first Vice President of DE&I.

Our ambitious DE&I strategy continued to roll out under the following strategic pillars, with cross functional teams from each area of the business assigned to drive progress.

DE&I Strategic Pillars

Leadership and Education

- Launched 'Fostering Inclusion' education module for all employees.
- Senior leaders participated in unconscious bias training.
- Integrated leadership capability incorporating inclusive leadership.

Employee Resource Groups

- Defined a global Employee Resource Group (ERG) framework.
- Established the first global Group-wide ERG: Glanbia NOW (Network of Women).
- Established several regional ERGs in North America (LGBTQ+ Network; Multicultural Network) with the intention of scaling these globally in 2022.

Talent Acquisition

- Developed inclusive hiring training for managers to launch in Q1 2022.
- Increased focus on ensuring diverse candidate slates for open roles to improve diverse hiring. Our overall gender hiring ratio for 2021 was 48% female and 52% male.
- Focused on female leadership, 27% of direct reports to the Group operating executive team are women.

Commercial and Reputation

- Established a global marketing communications workstream to share knowledge and best practices.
- Rolled out inclusive marketing training.
- Developed a Casting, Influencer and Ambassador policy within Glanbia Performance Nutrition.
- Optimum Nutrition partnered with Athlete Ally to promote participation in sport regardless of sexual orientation gender identity or gender expression.

Communications and Engagement

- Developed DE&I brand identity and resource hub for employees.
- Launched a DE&I communications plan which included celebrating global DE&I events such as International Women's Day and Pride.
- Initiated a values refresh project to ensure our values are reflective of our inclusive culture.

"From launching inclusion training to offering employee resource groups, we are committed to advancing our strategy to promote a diverse and inclusive Glanbia."

Siobhán Talbot
Group Managing Director

Global HR Transformation programme

Grow@Glanbia is our global HR transformation programme which aims to create a future-ready, people-centred organisation to drive business outcomes through increased agility, flexibility and coordination.

Through the transformation programme, we plan to digitise and streamline our talent acquisition, retention and development programmes. Employees will have access to improved tools and better people-related data. HR services will be streamlined through a 'centres of excellence' approach and our HR focus will be to provide more strategic, value-add support, thereby enhancing productivity and relevance to the business. The programme scope includes designing and rolling out a new global HR operating model, setting up a HR service delivery organisation and implementing best-in-class HR technology.

This multi-year programme began in March 2021 with the establishment of a global project team. A phased programme go-live in the second half of 2022 will roll out the new global HR operating model, establish the service delivery model and the launch of additional SAP SuccessFactors technology underpinned by a robust engagement and adoption strategy.

CASE STUDY

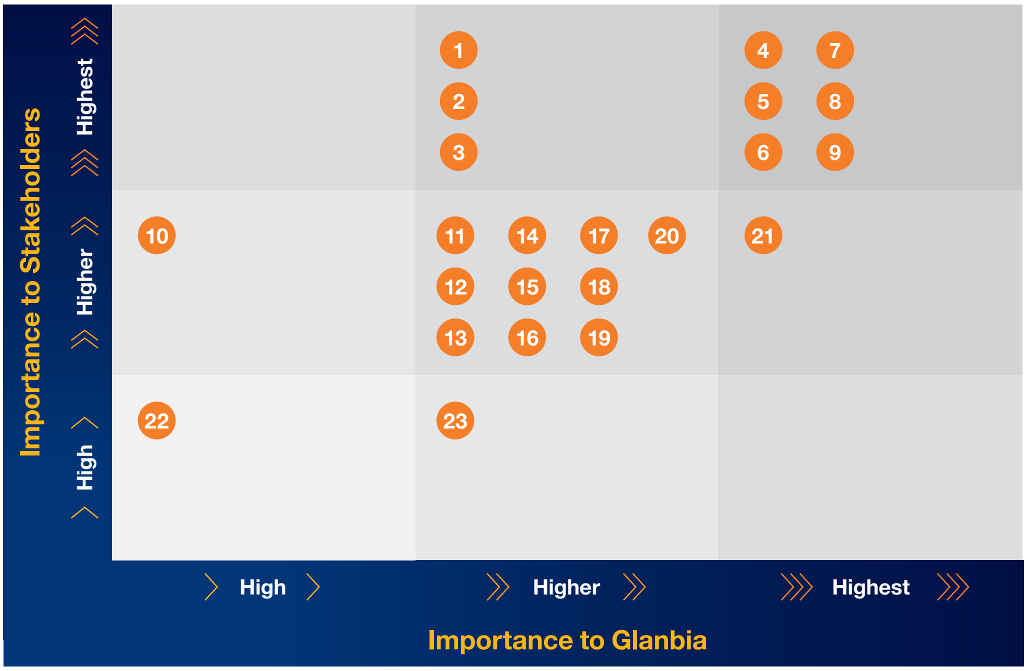
FOSTERING **INCLUSION TRAINING**

Our first Group-wide employee education programme on inclusion was launched during the year. Designed to equip employees with the tools and knowledge to live our vision of celebrating individuality knowing that 'Together We Are More', the learning outcomes of the programme include a deeper understanding of Glanbia's DE&I vision; how to value our differences; what is unconscious bias and how to reduce it; and steps to becoming more inclusive in the workplace. We expect that all Glanbia employees will have taken the course by the end of Q1 2022. Follow up modules on Inclusive Leadership and Inclusive Hiring will be forthcoming in 2022.

OUR inclusion JOURNEY
TOGETHER WE ARE MORE

Our stakeholders

To ensure our business remains connected to stakeholder needs and addresses significant issues that impact society and the environment, Glanbia implements regular materiality assessments. Our approach to materiality is dynamic and informed by the Global Reporting Initiative (GRI) guidelines. Key stakeholders' input contributes to the materiality matrix, which guides our ESG strategy development and implementation, and informs our disclosures.



1. Water
2. Responsible nutrition
3. Farmer development
4. Climate change
5. Packaging
6. Food quality and safety
7. Employee health, safety and wellbeing
8. Animal welfare
9. Operational excellence
10. UN SDGs
11. Sustainable value chains
12. Fair pricing
13. Sustainable products
14. Energy
15. Waste
16. Resource efficiency
17. Protecting and restoring nature
18. Sustainable business
19. Stakeholder engagement
20. Employee engagement and development
21. Diversity, equity and inclusion
22. Community engagement
23. Sustainability reporting

Our material topics

We support the United Nations (UN) sustainability strategy and have linked our material topics to the UN Sustainable Development Goals (SDGs). Analysis of the goals and targets to identify the most substantial ones in line with our materiality assessment was informed by the 'Practical Guide on Integrating the SDGs into Corporate Reporting' issued by the UN Global Compact (UNGC) and GRI. Detailed materiality assessment results can be found at Glanbia.com.

Our corporate ESG reporting

Glanbia considers high-quality corporate reporting on environmental, social and governance (ESG) topics essential for open and transparent communication with stakeholders. We disclose information on our ESG performance in the 2021 Annual Report in compliance with the

- EU Non-Financial Reporting Directive (NFRD), page 60
- EU Taxonomy Regulation, pages 60 and 150-151
- Recommendations and recommended disclosures of the Task Force on Climate-Related Financial Disclosures (TCFD), pages 61-66

Glanbia also takes part in external evaluation and benchmarking initiatives such as Carbon Disclosure Project (CDP), Morgan Stanley Capital International (MSCI) ESG Ratings (see page 56).

We welcome the intention of the European Union (EU) to issue EU sustainability standards under the Corporate Sustainability Reporting Directive in partnership with GRI, as well as the establishment of the International Sustainability Standards Board (ISSB), under the auspices of the International Financial Reporting Standards (IFRS) Foundation, with an ambition to create a global sustainability reporting standard.

Addressing stakeholders' need for completeness, reliability and comparability of ESG information, Glanbia is committed to further enhancing the corporate reporting process by:

- Renewing the materiality matrix following a double materiality approach in FY 2022;
- Adopting GRI reporting standard under 'Core' option, including external assurance;
- Taking an integrated reporting approach to ensure coherent disclosure of financial and non-financial information; and
- Launching Digital ESG Reporting Hub at Glanbia.com to provide more accessible and timely disclosures on material topics in the first half of FY 2022.

Glanbia ensures a transparent and inclusive approach to stakeholders, founded upon continuous dialogue, timely corporate disclosures, direct communication with key stakeholder groups, and collected feedback incorporation into strategic business priorities.

Our stakeholders mapped below are those with an interest or concern in our purpose, strategy, and operations and who may be affected by them.

On this page you will find information on how Glanbia engages with key stakeholder groups, the main issues raised in 2021 and engagement outcomes. The details on how the Board consults stakeholders on economic, environmental, and social issues are included in the Governance section on pages 94 and 95.

Our people and communities

Issues	How we engage and care	Support of SDGs	Read more
• Safety and support amid Covid-19 • Healthy lifestyles and diets • Diverse and inclusive workplaces • Career development	• Continued focus on safety plans and procedures • Interacting with representative bodies and collecting feedback • Focused talent assessment and development programmes • Running diversity, equity and inclusion, wellbeing and community initiatives in partnerships with non-profits and foodbanks	2, 3, 5, 8, 11, 12	Pages 18-23 59

Our consumers and customers

Issues	How we engage and care	Support of SDGs	Read more
• Stable supply of high-quality products and ingredients • Secure operations amid Covid-19 • Sustainable food with a lower environmental footprint, produced in a responsible way	• Our key account managers, R&D and brand teams work closely with customers to meet their needs and our consumers' preferences • We monitor pandemic-related health guidelines in the regions we operate to ensure safe, compliant and adaptive manufacturing and logistics • We are constantly working on carbon footprint reduction and social responsibility practices implementation in our operations and value chain	3, 9, 12, 13	Pages 8-17 19-20 50-59

Our shareholders

Issues	How we engage and care	Support of SDGs	Read more
• Values-led sustainable growth • Effective governance and strategy • Portfolio evolution through organic growth, acquisitions and divestments • Emphasis on ESG integration	• Open and transparent communication during investor calls and meetings, timely press releases and announcements • Disclosing our financial and non-financial metrics consistently, improving year-on-year ESG disclosures	8, 13	Pages 8-17 94-95 26-27

Our value chain partners

Issues	How we engage and care	Support of SDGs	Read more
• Fair pricing and long-term partnerships • Reducing the environmental impact of agriculture and dairy production	• Procurement teams are continuously working with our suppliers to ensure mutually beneficial cooperation, achievement of environmental ambitions and joint innovation • We are working with our milk suppliers under US Dairy Net Zero Initiative (NZI) and US National Milk Producers Federation (NMPF) Farmers Assuring Responsible Management (FARM) programmes to build a foundation for a carbon footprint reduction plan, accelerate workforce development, and enhance animal care • We are in continuous dialogue with plastic recyclers to work on GPN sustainable packaging targets • We partner with EcoVadis platform to advance our Responsible Procurement programme	9, 12, 13	Pages 56-58

Governments and NGOs

Issues	How we engage and care	Support of SDGs	Read more
• Regulation across all business activities • Reliable and complete corporate reporting • Climate change and environment preservation • Responsible sourcing • Human rights, diversity and inclusion	• Engaging at industry level and through business associations relevant to food production and agriculture • Working with standard-setting bodies to define and achieve Pure Food + Pure Planet strategic goals, ensure food safety and quality, support informed health and nutrition choices, transparent labeling • Regular reporting on material ESG topics, including carbon footprint and human rights • Seeking feedback through our corporate dialogue processes	2, 3, 5, 8, 13	Pages 52-58 60-66 22, 24 94-95

Key performance indicators

Revenue

€4.2bn (2020: €3.8bn)

+13.1% constant currency
+9.8% reported currency

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 performance.

Performance
In 2021, revenue was €4.2 billion (2020: €3.8 billion), an increase of 9.8% on a reported basis and up 13.1% constant currency (cc) on 2020. Revenue growth was driven by strong volume growth in GPN and GN of 16.1%, and a further contribution from acquisitions of 1.0%, offset by net pricing declines of 4.0% driven by US cheese market dynamics.

Revenue volume growth[1]

+16.1% (2020: -2.0%)

GPN +13.6% (2020: -10.9%)
Like-for-Like branded revenue volume growth

NS +13.6% (2020: +2.4%)
Like-for-Like 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 increased 16.1% in the year. The key volume growth metrics were a LFL branded volume growth in GPN of 13.6% and volume growth within the NS and US Cheese businesses of the GN segment of 13.6% and 19.8% respectively. Volume growth was strong across all markets of the Group.

EBITA[2]

€270.6m (2020: €209.6m)

+34.0% constant currency
+29.1% reported currency

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 €270.6 million in 2021, an increase of 29.1% reported and up 34.0% on a constant currency (cc) basis. GPN's EBITA increased by 65.5% versus 2020, while EBITA margins were up 320bps (cc) to 11.1%. GN experienced EBITA growth of 9.8% (cc) with EBITA margins down 10bps (cc and reported) versus 2020 to 4.3%.

Profit after Tax

€167.4m (2020: €143.8m)

Continuing operations €141.0m
Discontinued operations €26.4m

Strategic relevance
Profit after tax is the measure of the profit generated by the Group for the year, post tax and post exceptional items.

Performance
Profit after tax for 2021 was €167.4 million compared to €143.8 million in 2020, an increase of €23.6 million on prior year. This comprises the profit generated from continuing operations of €141.0 million and discontinued operations of €26.4 million, with discontinued operations representing the contribution of Glanbia Ireland which was classified as a 'held-for-sale' asset on 17 December 2021. The increase in profit after tax was driven by increased profitability in the wholly-owned business.

Basic Earnings Per Share – continuing operations

48.47c (2020: 40.93c)

+23.3% constant currency
+18.4% reported currency

Strategic relevance
Basic Earnings Per Share (EPS) is an important IFRS reporting metric and relates to EPS of the Group post tax and post exceptional items.

Performance
Basic EPS – continuing operations was 48.47 cent, an increase of 18.4% on a reported basis and an increase of 23.3% constant currency, driven by the increased profitability across the Group. Discontinued operations have been excluded on the basis that they are now less relevant as a benchmark for the ongoing business of the Group.

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 – continuing operations[1,3]

77.84c (2020: 65.21c)

+23.9% constant currency
+19.4% reported currency

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 from continuing operations was 77.84 cent, up 19.4% on a reported basis and an increase of 23.9% on a constant currency basis, primarily driven by increased profitability of GPN. GPN performance improvement was as a result of strong revenue momentum which improved operating leverage and the benefit of ongoing transformation initiatives.

Return on Capital Employed – continuing operations[3]

10.0% (2020: 8.8%)

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

Performance
ROCE from continuing operations increased by 120 basis points to 10.0% (2020: 8.8%). This increase was primarily due to improved profitability in GPN as a result of improved operating leverage and benefits from the successful delivery of the GPN transformation programme.

OCF conversion[1,2]

100.2% (2020: 122.4%)

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 ability of the Group to convert trading profits to cash, which is then available for strategic investments and dividend payments.

Performance
OCF conversion was 100.2% in 2021 compared to a target conversion of 80% and conversion in 2020 of 122.4%. The OCF conversion rate remains very strong and has reduced since prior year as a result of increased investment in working capital to support growth across the Group.

Carbon emissions[4]

NFM

-8%

Objective
Decarbonise our operations and dairy supply chain in line with the global imperative to keep temperature increases well below 2 degrees celsius and future proof our organisation and our supply chain.

Strategic relevance
Climate change is impacting all of society. At Glanbia we are committed to doing our part by focusing on our most material areas. Our Pure Food + Pure Planet strategy prioritises energy efficiency and renewable electricity procurement for our operations.

Performance
To date we reduced carbon emissions for our operations by 8% from a 2018 baseline. The reduction is consistent with the trajectory of our Science Based Targets initiative (SBTi) validated target of a 31% reduction in operations emissions by 2030. We have conducted energy audits and mapped renewable electricity opportunities at our major sites to inform the roadmap to achieving our ambition.

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'. Proportion of sites meeting at least industry standard safety performance, based on NAIC benchmark (North American Industry Codes), and reduced severity of injuries, by progression of the Lost Time Incident Rate (LTIR) are established global measures of safety performance. Glanbia aspires to zero LTC and all sites maintaining a minimum of industry benchmark performance for Loss Time injuries.

Performance
In 2021, 59% of reporting locations had zero LTC. The Group 2021 global LTIR showed significant year on year improvement at 0.76, a 23% improvement over 2020. In comparison to industry benchmarks, all reporting non-manufacturing locations are at or above their industry peers for LTIR while 78% of the Group reporting manufacturing locations met or exceed industry benchmarks. Improvement action plans are in place for all locations which do not meet their relevant industry benchmark.

Employee engagement score

NFM

70%

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.

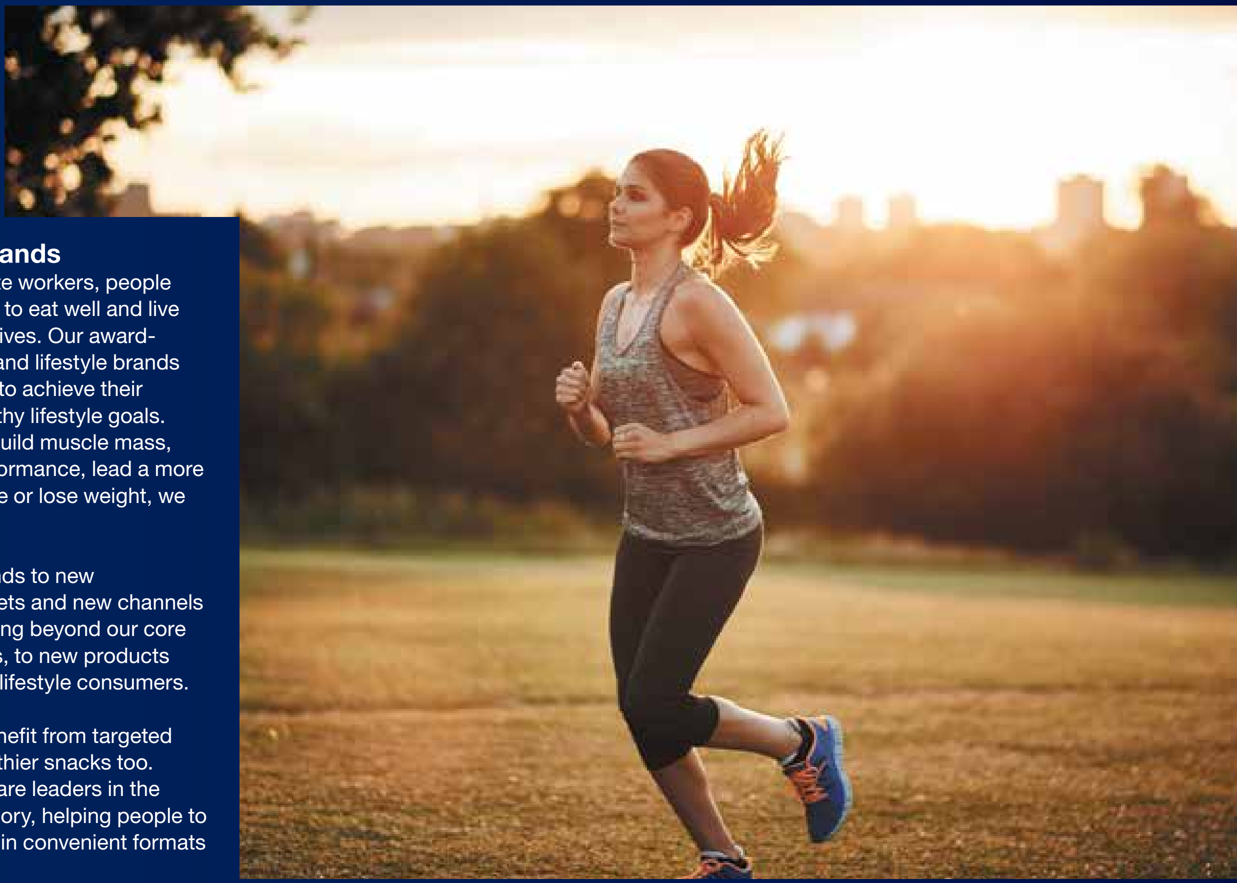
Performance
Participation levels in the survey were down due to the impact of the pandemic on people's ability to complete the digital survey across our operations. While scores increased in four focus areas, the impact of the challenges presented by Covid-19 was reflected in a slight decline in the engagement score.

3. Performance condition of Glanbia's Long-Term Incentive Plan.
4. Reduction versus 2018 baseline year. MWC is not included within this measure, as this site only become operational in 2021, and is not factored into the baseline value. Refer to page 54 which outlines Glanbia's operational control GHG emissions by scopes 1 and 2, and outlines MWC emissions impact in 2021.

We believe in healthier lifestyles

WE BELIEVE IN **THE POWER** OF OUR BRANDS

We are proud to be a global leader in sports and lifestyle nutrition. Our commitment to quality allows our brands to play a unique role delivering better nutrition for our consumers and customers, and thereby enabling them to live happier, healthier lives.



World-leading brands

From athletes to remote workers, people around the world want to eat well and live healthier, more active lives. Our award-winning performance and lifestyle brands inspire our customers to achieve their performance and healthy lifestyle goals. Whether you want to build muscle mass, maximise athletic performance, lead a more active lifestyle, manage or lose weight, we have a brand to help.

We are taking our brands to new consumers, new markets and new channels worldwide. We're looking beyond our core sports nutrition brands, to new products and formats for active lifestyle consumers.

Everyday diets can benefit from targeted supplements and healthier snacks too. Many of our products are leaders in the lifestyle nutrition category, helping people to get essential nutrients in convenient formats or lose weight.

think! Keto protein bar is the #1 selling Keto protein bar in the Wellness Bar category with a +180% consumption growth in 2021, driven by new distribution and +64% increase in velocity.*

* Source: SPINS, Wellness Bar Sales in Total US - MULO + Convenience L52W, 12.26.2021.

New think! Keto 10g protein bars

Innovation drives us forward to create new products, tastes and experiences for our consumers. In 2021, key innovation highlights included the ongoing roll out of the Optimum Nutrition™ AMIN.O. Energy Sparkling ready-to-drink range (see page 13 for more detail) and the launch of two additional think! Keto protein bars.

The two new flavours, Chocolate Mousse Pie and Chocolate Peanut Butter Cookie Dough, come on the heels of the successful launch of the brand's Keto bars in 2020 which quickly became the #1 best-selling Keto protein bar in the category. Both of the new flavours provide the delicious taste and high-quality ingredients people expect from think! while offering 10 grams of protein, two grams or less of sugar, and are 180 calories or less.

Operations review
Glanbia Performance Nutrition

DELIVERING ON TRANSFORMATION WITH STRONG **GROWTH AND STRATEGIC PROGRESS**

Hugh McGuire
CEO, Glanbia Performance Nutrition

GPN Performance
Overview

€'m	FY 2021	FY 2020	Change	Constant Currency Change
Revenue	**1,303.1**	1,138.0	+14.5%	+17.1%
EBITA	**145.1**	91.2	+59.1%	+65.5%
EBITA margin	**11.1%**	8.0%	+310bps	+320bps

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

Financial Performance
GPN revenue increased by 17.1% in FY 2021 versus prior year. This was driven by volume growth of 11.4% and price increase of 4.5% with the LevlUp acquisition, completed in May 2021, delivering 1.2% growth. Volumes grew in all markets as strong in-market execution was aligned with strong demand. Demand was driven both by a post Covid-19 market inventory rebuild in the early part of the year and strong underlying consumption trends throughout the year. The price increase for the full year was driven by price increases implemented in the second half of 2020 and the third quarter of 2021. Like-for-like branded revenues increased by 18.3% in the financial year.

FY 2021 GPN EBITA increased by 65.5% versus prior year to €145.1 million. This was driven by strong revenue growth and improved margin. The margin increase of 320 basis points was driven by increased price, improved operating leverage and the realisation of benefits from the GPN transformation programme. Input costs were a benefit to margin in the first half and as expected were a headwind to second half margins.

In 2022, GPN will continue to focus on the long-term strength of its brands and will invest behind these brands as appropriate. Current consumer trends in key categories remain positive and price elasticity will continue to be closely monitored as the year progresses.

GPN transformation programme
The delivery of planned revenue and margin enhancing initiatives under the GPN transformation programme continued during 2021 and this programme provides a structural underpin to GPN margins when moving through the current high inflationary cycle.

Key deliverables of the programme in 2021 were the delivery of revenue growth opportunities including pricing actions across all regions, the reshaping of the operating model to drive brand growth in the Americas and the execution of key efficiency projects including the consolidation of the supply chain footprint in North America.

Over the term of the programme GPN's SKU's have been reduced by over 30%, private label manufacturing has been largely exited, route-to-market in key territories has been improved and the GPN organisation has been simplified and aligned behind growth opportunities.

Americas

GPN Americas like-for-like branded revenues increased by 13.7% in FY 2021 compared to prior year. This was driven by volume growth in all channels, the impact of pricing actions as well as ongoing strong revenue growth management. The Optimum Nutrition (ON) brand had a strong performance in the period. ON consumption[1] growth in North America in the 52 weeks to 26 December 2021 was 18.8%.

ON has benefitted from its leading position in its category, ongoing marketing investment and broad channel positioning. The SlimFast brand performance in the year reflected headwinds in the diet category. SlimFast consumption[1] in North America, in the 52 weeks to 26 December 2021 declined by 4.3%. The think! and Amazing Grass brands delivered strong growth in the period due to consumer focus on healthy snacking and natural immunity.

International

GPN International, which includes direct-to-consumer (DTC), grew like-for-like branded revenues by 29.6% in FY 2021 compared to prior year. This was driven by volume growth in all regional markets as strong demand was driven both by a post Covid-19 market inventory rebuild in the early part of the year and strong underlying consumption trends throughout the year. Pricing action was also taken across all regions in response to inflationary trends.

1. North America measured channels include Online, FDMC (Food, Drug, Mass, Club) and Specialty channels. Data compiled from published external sources and Glanbia estimates.

Revenue

€1,303.1m

2020: €1,138.0m

EBITA (pre-exceptional)

€145.1m

2020: €91.2m

EBITA margin

11.1%

2020: 8.0%

PERFORMANCE → LIFESTYLE

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

Operations review continued
Glanbia Performance Nutrition continued

GPN growth strategy

GROWING OUR BRANDS

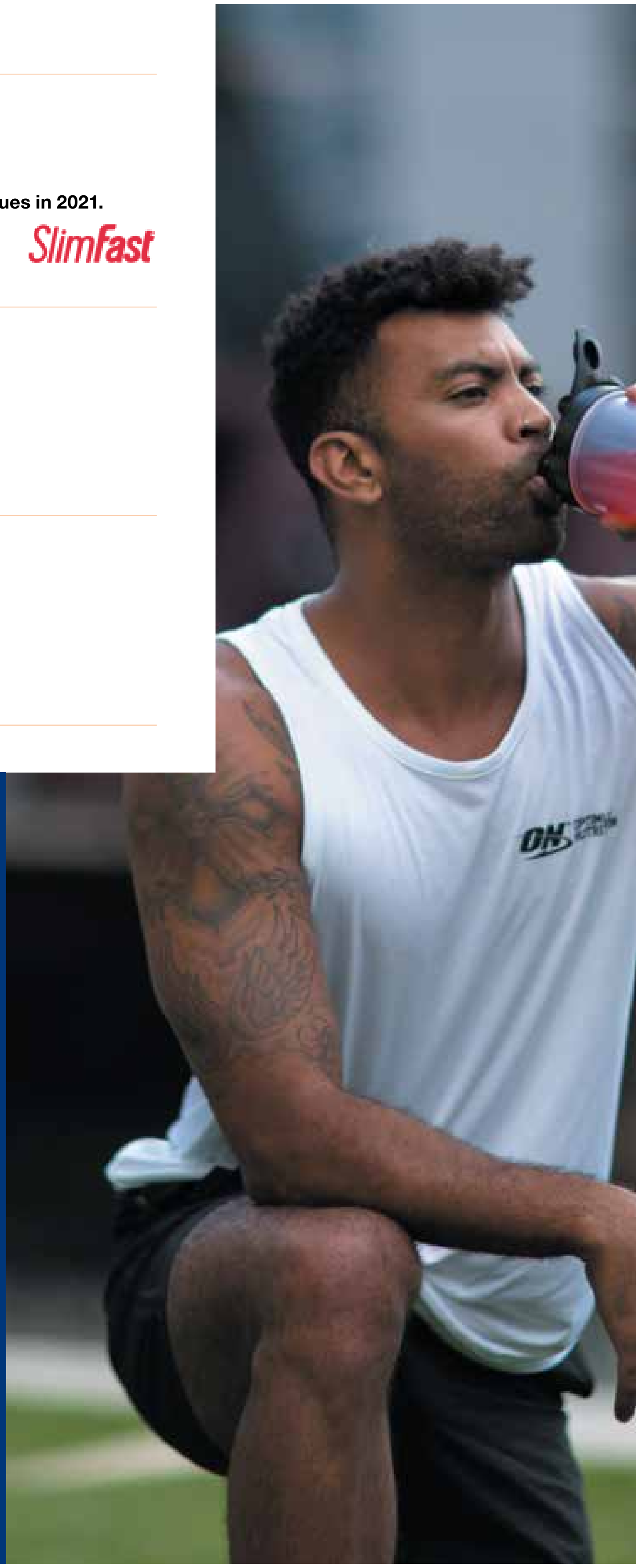
Invest in marketing and brand building.
These brands delivered 71% of GPN branded revenues in 2021.

SHARPER GEOGRAPHIC FOCUS

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

OMNICHANNEL CAPABILITY

Expand channel exposure.
Accelerate our investment in global eCommerce.



CASE STUDY

PROVEN PLATFORM

Over the course of 2021 GPN continued with its strong marketing investment focused on core brands and product lines, and continued effort on selective, strategic innovation. 2021 saw: the latest creative of the Optimum Nutrition Proven platform, which featured the 'More Than Your Body' advertising which was seen across paid, owned and earned media channels in over 20 markets; the 'Building Better Lives' programme featuring NFL athletes in the US; and the expansion of Optimum Nutrition's elite athlete and ambassador roster, including many Olympic athletes competing in the Summer and Winter Games.

Delivering on our strategy

Having refreshed our assessment of relevant consumer and category trends, our strategy remains fundamentally unchanged, with three major areas of focus supported by enhanced execution capabilities delivered by our transformation programme.

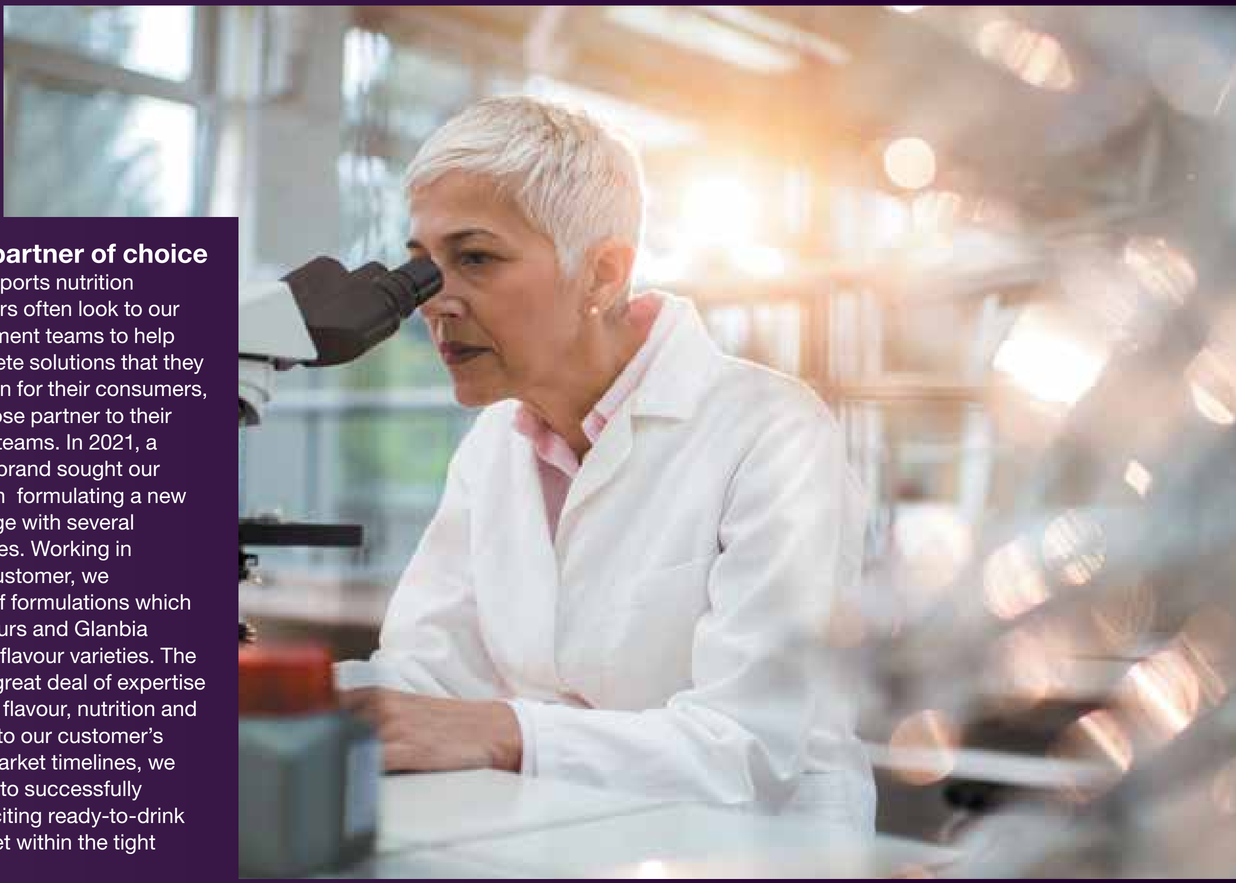
- **Three areas of strategic focus:**
  - **Brand prioritisation:** Optimum Nutrition and SlimFast are our flagship brands in the sports nutrition and lifestyle categories respectively. We aim to maximise the potential of these brands globally, through increased focus and investment.
  - **Geographic prioritisation:** While our products are available in over 90 countries worldwide, we prioritise a number of key markets where we see the highest potential. We also prioritise investment in people and brands to these higher growth markets and implement effective low-cost tactics to maintain our presence in others.
  - **Omnichannel capability:** The need to play effectively in all channels was of critical importance pre-Covid-19 and has become even more pressing as Covid-19 disrupted markets and channels. We continue to build out our omnichannel capabilities by restructuring our commercial teams and establishing new ways of working. We have established new centres of excellence to elevate our capabilities in insights and analytics, digital marketing, category management, revenue growth management and eCommerce expertise. Our ability to effectively address the eCommerce channel has been built over the last number of years and includes a number of components:
    - In 2021 we expanded our direct-to-consumer efforts across the EU and ASPAC with increased market launches of the Body&Fit brand and the acquisition of LevlUp in Germany.
    - We relaunched a number of Optimum Nutrition content and eCommerce sites across the US and in key international markets.
    - We enhanced our ability to effectively support our marketplace and bodyandfit.com customers to deliver best-in-class consumer journeys and maximise our brands' penetration.

- **Transformation:**
  - Our transformation programme, initiated in late 2019, has delivered substantial performance benefits to our business through improvements in efficiency and the acceleration of various growth initiatives.
    - **Efficiency:** We have completed hundreds of initiatives, with many more underway, to address inefficiencies across the business. We have:
      - Refined and consolidated our physical footprint;
      - Dramatically simplified operations through aggressive SKU rationalisation; and
      - Adopted a more aggressive approach in delivering synergies from past acquisitions, centralising functional teams, consolidating supply chain partners and bringing more manufacturing in-house.
    - **Growth:** We have accelerated several important growth initiatives and maximised their potential value. For example:
      - Established new routes-to-market in instances where current arrangements could not effectively support future growth;
      - Commenced local manufacturing for key SKUs to improve competitiveness;
      - Accelerated our distribution in Food, Drug, Mass and eCommerce channels; and
      - Increased our ability to measure return on investment through better analytics.
  - We expect that our new ways of working, adopted across the business over the course of the transformation programme, will deliver ongoing benefits long after its completion.

We believe in healthier lifestyles

WE BELIEVE IN SCIENCE-LED INNOVATION

Science and scientific insights are crucial to enhancing our knowledge and understanding of how food and nutrition can benefit our health and wellbeing. We are the architects of world-leading sports nutrition and best-in-class functional and nutritional ingredients. With innovation and collaboration centres in Ireland, the US, Canada, Germany, Italy, Singapore and China, we innovate, develop and validate our brands and ingredients so they can enrich and delight the lives of our customers and consumers every day.



Our customers' partner of choice

In the rapidly moving sports nutrition segment, our customers often look to our research and development teams to help them formulate complete solutions that they will take into production for their consumers, requiring us to be a close partner to their product development teams. In 2021, a major sports nutrition brand sought our expertise and advice in formulating a new ready-to-drink beverage with several different flavour varieties. Working in partnership with the customer, we developed a number of formulations which included Glanbia flavours and Glanbia Premix for each of the flavour varieties. The beverages required a great deal of expertise to balance the desired flavour, nutrition and functionality. Working to our customer's ambitious speed-to-market timelines, we enabled our customer to successfully launch its new and exciting ready-to-drink beverage on the market within the tight timeframe.

Best-in-class nutritional solutions

We partner with companies to improve the functionality and quality of their nutritional products, and help them develop the innovations they need to keep growing their business. We offer expertise in food science and supply chains, deep knowledge of our customers and their categories, and a dedication to the art and science of nutrition. It's what creates our recipe for superior partnerships and mutual performance – a recipe that no one else offers. Our deep understanding of consumers, category trends and end-to-end product development helps our customers to consistently bring winning products to market. 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.

STRATEGIC REPORT

Operations review continued
Glanbia Nutritionals

STRONG PERFORMANCE UNDERPINNED BY A CLEAR STRATEGY

Brian Phelan
CEO Glanbia Nutritionals

GN divisional performance

	FY 2021			FY 2020		
€'m	Revenue	EBITA	Margin %	Revenue	EBITA	Margin %
Nutritional Solutions	**877.4**	**101.1**	**11.5%**	746.8	90.5	12.1%
US Cheese	**2,016.4**	**24.4**	**1.2%**	1,938.3	27.9	1.4%
Total GN	**2,893.8**	**125.5**	**4.3%**	2,685.1	118.4	4.4%

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

Nutritional Solutions

€'m	FY 2021	FY 2020	Change	Constant Currency Change
Revenue	**877.4**	746.8	+17.5%	+20.8%
EBITA	**101.1**	90.5	+11.7%	+15.7%
EBITA margin	**11.5%**	12.1%	-60bps	-50bps

Nutritional Solutions Revenue
€877.4m
2020: €746.8m

US Cheese Revenue
€2,016.4m
2020: €1,938.3m

Financial Performance

Glanbia Nutritionals (GN) recorded a strong performance in FY 2021 with revenues up 11.4% (reported 7.8%) on prior year. This was driven by volume increases of 18.1%, offset by a pricing decline of 7.7% and acquisitions adding 1.0% growth. Volume increase was driven by strong demand for the innovative ingredient solutions in the GN Nutritional Solutions (GN NS) portfolio and by capacity expansion in the Michigan, US joint venture, which was commissioned in the first half of the year. Price decline was driven by US Cheese due to lower average market prices in the period versus a strong prior year comparator. GN EBITA increased in FY 2021 by 9.8% as a result of strong revenue growth which offset a margin decline of 10 basis points.

Nutritional Solutions

GN NS is a leading provider of dairy and plant based protein solutions as well as micronutrients and has added further capability to these core platforms via acquisitions. This strategy has further extended GN NS's capability in the areas of flavours, healthy snacking and bioactive ingredients.

GN NS revenues increased in FY 2021 by 20.8% versus prior year (reported 17.5%). This was driven by a 13.6% increase in volume, a 3.7% increase in price and the Foodarom and PacMoore acquisitions delivering 3.5% growth. Volume growth was broadly based across the portfolio with strong growth in

NS growth strategy

In our Nutritional Solutions business segment, we have an ambitious growth strategy consisting of three primary pillars

CONTINUE TO BUILD

We will continue to build our leadership positions in protein and premix solutions.

ACCELERATE OUR GROWTH

We will accelerate growth in our key growth platforms including healthy snacking and flavours.

GROWTH ENABLERS

We will enable our growth by investing in our talent and innovation capabilities.

We established our leadership positions in protein and micro-nutrient premix solutions by building close relationships with key global and regional customers. We participate in attractive, growing end-markets. Continuing to nurture these relationships and build new customer relationships is fundamental to our continued growth.

Establishing these relationships relied on a core set of capabilities that we are focused on bringing to our customers on a global basis:

DELIVERING INSIGHTS

To understand where our customers' needs and their end consumers' needs are going

MEETING THOSE NEEDS

By proactively innovating new solutions as well as formulating specific solutions that our customers are looking for across a range of product formats

ENSURING QUALITY INGREDIENTS

Meeting our customers' supply chain needs

In addition to driving organic growth with our customers, in the past few years we have acquired:

Premix

Flavours

New capabilities in healthy snacking

The future

To deliver against our ambitions, we will continue to pursue selective acquisitions aligned with our strategic priorities.

Operations review continued
Glanbia Nutritionals continued

premix, micro-nutrients and protein-based healthy snacking reflecting good end-market demand across a broad sectoral reach. GN NS continued to leverage its supply chain expertise delivering a strong operating performance. Price increase primarily related to increased dairy ingredient market pricing year-on-year.

Consumer trends related to immunity, functional nutrition and healthy snacking have been a powerful driver of the business and GN NS has a unique set of solutions to partner with its customers in these areas. GN NS also maintained supply chain performance throughout 2021 to deliver strong volume growth while navigating significant volatility.

GN NS EBITA in FY 2021 was €101.1 million, 15.7% higher than prior year due to strong revenue growth. Margins declined by 50 basis points versus prior year to 11.5% driven by increased input costs in the period.

Global Market Trends

At GN we are well positioned to capitalise on future market trends across our key end markets in the nutrition space so that we can continue delivering against our growth ambitions. While Covid-19 has changed many aspects of consumer behaviour, one mega trend that has been reinforced over the past few years is the focus of consumers on their health and wellness. Our broad portfolio of nutritional solutions and our ability to partner with and innovate for our customers allows us to continue to help them meet their consumers' evolving needs. Specifically, we see four major trends that will continue to shape the nutrition, health and wellness landscape over the coming years:

Convenience & Snacking

While the Covid-19 pandemic has changed the nature of what consumers find convenient due to changed commuting habits, consumers continue to seek convenient and accessible snacking formats even while many of them work from home. As a leader in healthy snacking solutions, we continue to work with our customers to create more convenient solutions, leveraging our strength in the bar category into other snacking formats.

Personalisation

Consumers seek food and beverages that meet their individual needs and our customers are evolving their offerings to tailor their products toward various consumer groups. The breadth of our solution portfolio and the variety of formats we can develop for our customers (ranging from bars to supplements to beverages and beyond), means we are well positioned to benefit from this growing personalisation trend.

Healthy body, Healthy mind

More and more, consumers are looking for nutritious solutions that provide specific health benefits ranging across both physical and mental health. From energy and gut health to cognition, mood and sleep and everything in between – consumers want to meet those needs through their food, beverage and supplement consumption. Following the pandemic, we have seen particularly high growth in immunity support requirements as well as interest in energy and focus needs. We continue to stay ahead of these trends and offer a full portfolio of ingredients (in particular across our premix and bioactives portfolios) that help provide solutions to target specific health benefits.

Sustainability

Consumers are increasingly factoring sustainability into their purchasing decisions, from wanting more sustainable packaging formats to better understanding the environmental impact of what they are consuming. Our customers are on their own journeys to meet those consumer needs and we at GN will ensure that sustainability remains a core part of our strategy.

CASE STUDY

PREMIX

Our Premix business is a critical growth driver for our Nutritional Solutions portfolio, delivering strong growth, and we continue to have ambitious growth targets for this business area. Our growth in this business is underpinned by close partnerships with several key global and regional customers that rely on our global manufacturing and supply chain network, access to quality raw materials and reliable solution blending capabilities.

After its acquisition in 2020, we further integrated Watson into our premix business, which bolstered our go-to-market the capabilities with our customers. The Watson acquisition also gave us new capabilities in the edible film and glitter space, including EdiSparklz™ edible glitter. We see this as a key growth platform and we have identified several key market segments in which to focus our growth efforts. As we grow our business here, we are committed to continue innovating and further investing in this space to deliver on our ambition.

Market

#1

Producer of US whey protein isolate

US CHEESE 2021 PERFORMANCE

US Cheese

€'m	FY 2021	FY 2020	Change	Constant Currency Change
Revenue	**2,016.4**	1,938.3	+4.0%	+7.7%
EBITA	**24.4**	27.9	-12.5%	-9.3%
EBITA margin	**1.2%**	1.4%	-20bps	-20bps

Financial Performance

US Cheese revenue increased by 7.7% in FY 2021. This was driven by a 19.8% increase in volume offset by a 12.1% decrease in price. Volume growth reflected good demand from customers and the addition of new US joint venture capacity, which was fully commissioned in the first half of the year. Pricing was volatile throughout the year and averaged at lower levels than in FY 2020 due to the strong prior year comparatives.

US Cheese EBITA was €24.4 million in FY 2021, a decrease of €3.5 million versus the prior year. This was driven by reduced EBITA margin which declined by 20 basis points as a result of higher operating costs in the year and the negative mix effect of an increased proportion of revenues from joint ventures.

With the combination of our US Cheese business based in Idaho and our Joint Venture Cheese and Dairy operations, Southwest Cheese and MWC, we are the #1 provider in the American-style cheddar cheese market. The industry has recognised our efforts in Michigan, with Dairy Foods magazine naming it their 2021 Dairy Plant of the Year. The addition of MWC to our Southwest Cheese operation in New Mexico and our operations in Idaho, allows us to continue to meet the growing demands of our key customers, bolstering our partnership with the leading cheese converters in the industry.

Cheese innovation

Our customers continue to see us as an industry leader in innovation in the cheese space. Our scientists in our Cheese Innovation Centre work closely with customers and with our operations to improve our products' functionality, flavour and efficiency while also delivering new innovations to our customers. We also saw continued growth in our organic cheese product line.

Market

#1

Producer of American-style cheddar cheese

CASE STUDY

HEALTHY SNACKING

Healthy snacking has been a major growth platform for our protein business for several years and we continue to have high growth expectations for this area of the business. We have been a leader in the protein solutions space for many years, leveraging our formulation and ingredient innovation capabilities and continuously developing new customer relationships as the demand for healthy snacking solutions has grown. More recently we have built our knowledge and capabilities to extend our healthy snacking business into several other formats as customers increasingly look for protein in new formats and applications. As the healthy snacking space evolves further, we are investing to stay aligned with the growth areas in the market, as evidenced by our PacMoore acquisition in 2021 which has given us new extrusion capabilities which we will use to both innovate further in the healthy snacking category and expand into additional formats.

Operations review continued
Joint Ventures

BUILDING ON OUR CORE STRATEGIC PARTNERSHIPS

Joint Ventures

€'m	FY2021	FY 2020	Change
Share of profit after tax (pre-exceptional) – continuing operations*	**19.2**	37.7	(49.1%)
Share of profit after tax (pre-exceptional)* – discontinued operations**	**25.7**	23.9	7.5%
Total	**44.9**	61.6	(27.1%)

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

** Glanbia Ireland

Glanbia's principal joint ventures (continuing operations) include MWC-Southwest Holdings, Glanbia Cheese UK and Glanbia Cheese EU. 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.

The Group's share of joint ventures' profit after tax after tax pre-exceptionals (continuing operations) decreased by €18.5 million to €19.2 million in FY 2021. This reduction was driven by an exceptionally strong market-driven, prior year comparative in the US joint venture as well as commissioning costs of new joint venture projects.

Glanbia Cheese UK and EU
Glanbia Cheese UK and EU are both large-scale manufacturer and marketers of mozzarella cheese supplying the food service industry. Glanbia Cheese EU was established in 2018, as a 50:50 joint venture between Glanbia plc and Leprino Foods Company. Construction of the new Glanbia Cheese EU joint venture plant in Portlaoise, Ireland was completed in 2021.

MWC-Southwest Holdings
The new large-scale MWC-Southwest Holdings JV plant in Michigan completed commissioning in line with expectation in June 2021 and the plant has operated well in the year. With this increased production it consolidates the Group's 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%.

Glanbia Ireland
In November 2021, the Group announced its intention to sell its remaining interest in Glanbia Ireland DAC (Glanbia Ireland) to Glanbia Co-operative Society Limited (the 'Society'). All shareholder approvals have now been obtained with completion of this transaction anticipated in H1 2022, subject to standard regulatory clearances. The proposed transaction was approved by members of the Society on 17 December 2021, following which this joint venture investment is considered as an investment 'held-for-sale', with equity accounting ceasing to apply from that date. In addition, as Glanbia Ireland represents a significant component and separately reported segment of the Group, the Group's share of Glanbia Ireland's results have been presented separately in the financial statements as discontinued operations, with a corresponding restatement of comparative figures to show the discontinued operations separately from continuing operations. The Group's share of joint venture profits from discontinued operations increased by €1.8 million to €25.7 million (2020: €23.9 million) in the year. The joint venture delivered a strong operational performance with year-on-year volume and price growth as a result of favourable market dynamics.

Joint Venture models

Joint Venture	Glanbia Cheese UK and EU	MWC-Southwest Holdings
Key Activities	JV large-scale manufacturers of mozzarella cheese	US producers of American-style cheddar cheese and whey ingredients
Location:	United Kingdom and Ireland	New Mexico, US (Southwest Cheese) and Michigan, US (MWC)

We believe in healthier lifestyles

WE BELIEVE IN **STRONG** CAPITAL MANAGEMENT

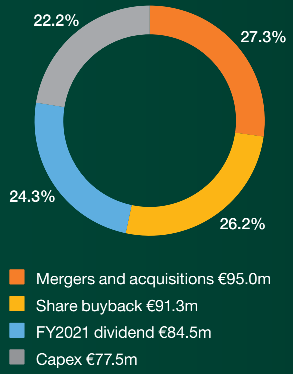
We are focused on investing in the long-term growth and development of our business, while creating shared value for all our stakeholders. We take a disciplined approach to capital allocation, with prudent financial policies designed to strike the right balance between growth, returns and flexible access to financial markets.

Investing in growth drivers

Our growth and resilience is driven by the agility of our business and the strength of our diversified portfolio across geographies, product and ingredient categories, and channels.

Investing for the long-term takes the form of research and development investment, brand support and capital expenditure to support organic profitable growth. We allocate these resources discerningly, focusing on projects with the highest potential to create economic profit.

We continuously fuel our growth agenda through disciplined cost management, improving operational efficiency at all levels of the business. We will pursue our strategic objectives while delivering strong cash conversion, enabling us to invest in future growth opportunities as they arise.



Returning value to shareholders

We have demonstrated our strong commitment to maintaining a high level of reinvestment into the business, while at the same time continually increasing capital returns to shareholders. We do this by increasing our dividend year-after-year. Based on our 2021 performance, the Board of Directors has recommended a dividend increase of 10% which will be reflected in our final dividend to be paid in May 2022. As a result of our strong free cash flow generation and business disposals, we continued to return excess cash to shareholders through share buybacks. Share buyback programmes over the past two years have amounted to €150 million We launched a €50 million programme in November 2020 which concluded in 2021, another programme of €50 million which commenced and concluded in 2021, and a third €50 million programme which commenced in December 2021 and continued into 2022.

Group Finance Director's review

A STRONG PERFORMANCE DELIVERED THROUGH AN EFFECTIVE EXECUTION OF OUR STRATEGY

Mark Garvey
Group Finance Director

Adjusted EPS – continuing operations
77.84 cent
(2020: 65.21 cent)
+23.9% constant currency
+19.4% reported currency

EBITA (pre-exceptional)
€270.6m
(2020: €209.6m)
+34.0% constant currency
+29.1% reported currency

OCF conversion
100.2%
(2020: 122.4%)
OCF as % of EBITDA

ROCE – continuing operations
10.0%
(2020: 8.8%)
+120bps

Dividend payout ratio
33.6%
(2020: 36.1%)
Dividend per share as a % of adjusted EPS (continuing and discontinued)

Basic EPS – continuing operations
48.47 cent
(2020: 40.93 cent)
+23.3% constant currency
+18.4% reported currency

Profit After Tax – continuing operations
€141.0m
(2020: €120.8m)
+21.6% constant currency
+16.7% reported currency

2021 delivered strong growth across the Group, achieving above the upper end of market guidance and progressing a number of strategic initiatives. The Group reported adjusted EPS of 87.15 cent (continuing operations of 77.84 cent), an increase of 22.1% constant currency (+23.9% continuing operations) on prior year. Basic EPS from continuing operations of 48.47 cent was achieved (2020: 40.93 cent), an increase of 23.3% constant currency (+18.4% reported). Strong performances in Glanbia Performance Nutrition (GPN) and Glanbia Nutritionals (GN) segments, combined with the dedication of all Glanbia stakeholders, enabled the Group to successfully navigate the ongoing challenges of the global Covid-19 pandemic and deliver on the growth agenda.

GPN's revenues of €1.3 billion reflected an increase of 17.1% constant currency (reported 14.5%), comprising organic volume growth of 11.4%, with positive pricing contributing 4.5% and acquisitions adding 1.2% since prior year. Revenue growth was experienced across all GPN businesses, but was particularly strong in the US Sports Nutrition market which experienced strong double-digit like-for-like revenue growth in 2021. GPN delivered EBITA of €145.1 million, representing growth of 65.5% constant currency in the year as a result of good operating leverage, benefits from transformation savings and favourable input costs in the first half of 2021. Margin levels increased by 310 basis points to 11.1% in 2021.

Revenues in GN comprising Nutritional Solutions (NS) and US Cheese businesses remained strong in the year, up 11.4% constant currency (reported 7.8%) to €2.9 billion, with organic volumes up 18.1%, offset by pricing headwinds of 7.7% (primarily cheese related) and acquisitions contributing a further 1.0% growth. NS organic volumes were up 13.6% with good double-digit growth in both Premix and Dairy. US Cheese volumes increased by 19.8%, benefiting from the successful commissioning of the new joint venture plant in Michigan. GN EBITA grew 9.8% constant currency, to €125.5 million while margins contracted by 10 basis points to 4.3% (NS 11.5% and US Cheese 1.2% margin).

In November 2021, the proposed sale of the Group's remaining 40% interest in Glanbia Ireland to Glanbia Co-operative Society was announced. Following the subsequent approval by the Group's Shareholders in February 2022, the transaction is expected to conclude in H1 2022, successfully completing a long-term strategic goal of the Group and enabling a renewed focus on growth opportunities in the health, wellbeing and nutrition space. The proceeds received on completion of this transaction will be re-invested to drive further growth across the Group, as well as a return of capital to shareholders.

The ongoing focus on efficient operations continued, with the investment phase of GPN's multi-year transformation programme completed during 2021. Significant progress was also made on the restructuring of legacy defined benefit pension schemes across the UK and Ireland, further de-risking the Group's balance sheet.

Acquisition activity saw the addition of LevlUp (60%), a European gaming nutrition brand, and PacMoore (100%), a US based food ingredients' company, to the Group's portfolio in May 2021 and September 2021 respectively, further adding to the capacity and capability of the Group. The new US Cheese joint venture plant in Michigan, US was fully commissioned in H1 2021 contributing to the strong performance of the Group over the remainder of 2021.

Operating cash flow (OCF) was strong at €334.2 million converting over 100% of EBITDA into OCF, against a target of 80% conversion. Free cash flow (FCF) for the year was €303.9 million.

Return on Capital Employed (ROCE) from continuing operations increased by 120 basis points to 10.0% (2020: 8.8%), as a result of the improved profitability in GPN with stronger operating leverage and the benefit of transformation initiatives.

Return of capital to shareholders remains a key priority. Strong cash flows in the business have facilitated the return of capital via share buyback programmes. During 2021, the prior year share buyback programme of €50 million concluded, another programme of €50 million commenced and concluded, and a further programme of €50 million commenced, resulting in total capital allocations to shareholders via these programmes of €91.3 million in 2021 with ongoing programmes due to conclude in early 2022. In addition and as previously announced, further planned share buybacks of €31.0 million took place in January 2022, following share placements by Glanbia Co-operative Society in advance of concluding the proposed Glanbia Ireland transaction mentioned above.

In addition, the Board is recommending a final dividend of 17.53 cent per share representing a dividend payout of 33.6% of adjusted Earnings Per Share in respect of 2021.

Looking ahead
The Group remains vigilant to the continued volatile and disruptive potential of rising geopolitical tensions and the ongoing Covid-19 pandemic, and their indirect impact of inflation and global supply chain disruption. The strong performance and strategic actions executed in 2021 position the Group well to navigate this environment and enable further growth across the business.

Our growth journey will continue to be a blend of organic, M&A and portfolio activity as our strong financial position will allow us to capitalise on opportunities as they arise.

2021 Income Statement review

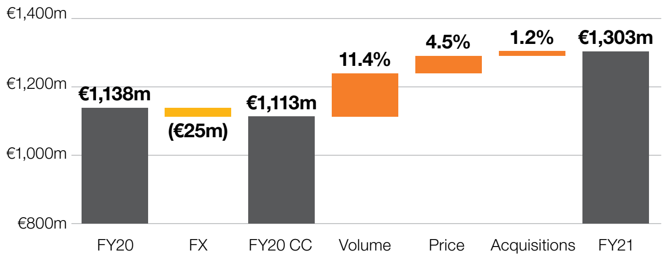
Revenue and EBITA
Revenue and EBITA are key performance indicators (KPIs) for the Group. In particular the Group focuses on revenue volumes and EBITA margins to assess underlying performance. Details of these KPIs are set out below.

€'m	2021	2020	Change	Constant currency change
Revenue				
GPN	**1,303.1**	1,138.0	14.5%	17.1%
GN	**2,893.8**	2,685.1	7.8%	11.4%
Total Revenue	**4,196.9**	3,823.1	9.8%	13.1%
EBITA (pre-exceptional)				
GPN	**145.1**	91.2	59.1%	65.5%
GN	**125.5**	118.4	6.0%	9.8%
Total EBITA	**270.6**	209.6	29.1%	34.0%
EBITA margin (pre-exceptional)				
GPN	**11.1%**	8.0%	+310bps	+320bps
GN	**4.3%**	4.4%	-10bps	-10bps
Total EBITA margin	**6.4%**	5.5%	+90bps	+100bps

Revenue
Revenue increased in 2021 by 13.1% versus prior year on a constant currency basis to €4.2 billion, an increase of 9.8% on a reported basis. Like-for-like wholly-owned revenue increased by 12.1%, driven by volume growth of 16.1%, net of price declines of 4.0%. The full year impact of the 2020 Foodarom acquisition, and the recent PacMoore and LevlUp acquisitions added a further 1.0% to annual revenue. Detailed analysis of revenue is set out below.

Glanbia Performance Nutrition
GPN recorded a total revenue increase of 17.1% constant currency (reported 14.5%) in 2021 versus prior year. Like-for-like branded revenue volumes increased by 13.6%, with strong performance across US Sports Nutrition and International markets driven by strong underlying consumption trends as well as the effects of channel reopening as Covid-19 restrictions were eased across most markets. Price increase of 4.5% was driven by the full year impact of prior year price increases and a continued focus on revenue growth management. The acquisition of LevlUp was completed on 31 May 2021 and contributed 1.2% revenue growth in the period.

GPN



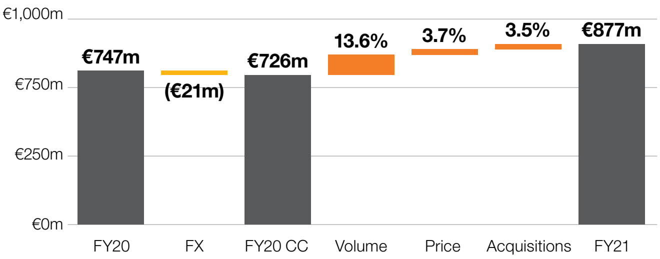
Further price increases introduced in Q4 2021 have been accepted and will be reflected in revenue growth trends during FY 2022.

Group Finance Director's review continued

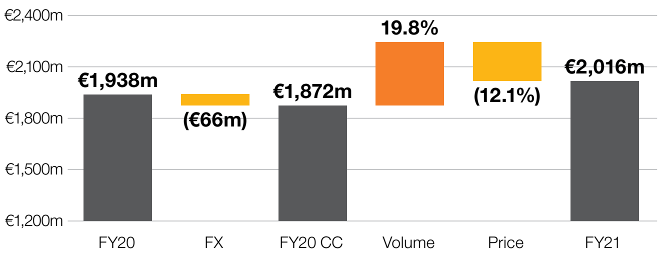
Glanbia Nutritionals

GN delivered revenue growth of 11.4% constant currency (reported 7.8%) in 2021, driven by increases in organic volumes of 18.1% offset by net price declines of 7.7% (driven by US Cheese) and the incremental full year impact of acquisitions contributing a further 1.0%. NS volumes increased by 13.6%, reflecting strong year-on-year growth in premix and dairy ingredients. NS pricing contributed 3.7%, primarily driven by favourable dairy market dynamics. US Cheese volumes were 19.8% higher than prior year, benefitting from the successful commissioning of the new Michigan cheese plant in June 2021. Cheese pricing declined 12.1% in 2021 due to market dynamics.

Nutritional Solutions



US Cheese



EBITA (pre-exceptional)

EBITA before exceptional items increased 34.0% constant currency (+29.1% reported) to €270.6 million (2020: €209.6 million) primarily due to higher EBITA in GPN. EBITA margin in FY 2021 was 6.4%, an increase of 90 basis points reported versus prior year (2020: 5.5%).

GPN pre-exceptional EBITA increased by 65.5% constant currency to €145.1 million (2020: €91.2 million), an increase of 59.1% on a reported basis. GPN pre-exceptional EBITA margin at 11.1% was 310 basis points higher than prior year reported, due to positive operating leverage and margin benefit derived from ongoing transformation programme initiatives.

GN pre-exceptional EBITA grew 9.8% constant currency to €125.5 million (2020: €118.4 million), an increase of 6.0% on a reported basis. GN pre-exceptional EBITA margin was 4.3%, down 10 basis points from 2020, due to the prior year having higher market pricing dynamics which did not repeat in 2021.

Net finance costs

€'m	2021	2020	Change
Finance income	**2.0**	4.1	(2.1)
Finance costs	**(19.5)**	(24.6)	5.1
Net finance costs	**(17.5)**	(20.5)	3.0

Net finance costs decreased by €3.0 million to €17.5 million (2020: €20.5 million). The decrease was driven by reduced debt levels and significantly lower interest rates on US$325 million of fixed rate indebtedness re-financed during H1 2021. The Group's average interest rate in 2021 was 3.0% (2020: 2.9%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 95% of projected 2022 debt currently contracted at fixed rates.

Share of results of joint ventures (continuing operations)

€'m - pre-exceptionals	2021	2020	Change
Share of profits of joint ventures:			
– continuing operations	**19.2**	37.7	(18.5)
– discontinued operations	**25.7**	23.9	+1.8
Total	**44.9**	61.6	(16.7)

The Group's share of results of joint ventures (continuing operations) is stated after tax and before exceptional items. The Group's share of joint venture profits from continuing operations decreased by €18.5 million to €19.2 million (2020: €37.7 million) in the year. This reduction was driven by an exceptionally strong, market driven, prior year comparative in the US joint ventures as well as 2021 commissioning costs of new US and EU joint venture projects. Operationally, the joint ventures, particularly in the US, delivered a strong performance with year-on-year volume growth, primarily driven by the successful commissioning of a new scale cheese and whey facility in Michigan, US. Market pricing in the US Cheese market was volatile through 2021 and while the joint venture models effectively pass through these pricing movements, it did result in a revenue decline in the year. Commissioning continues in the Glanbia Cheese EU joint venture mozzarella facility in Ireland with further start-up costs expected in 2022. The share of results from joint ventures from discontinued operations is discussed below.

Income taxes

€'m	2021	2020	Change
Income taxes	**17.0**	10.3	+6.7
Exceptional tax credit	**(7.6)**	(4.2)	+3.4
Income taxes (pre-exceptional)	**24.6**	14.5	+10.1
Effective tax rate	**13.0%**	11.3%	+170bps

The 2021 pre-exceptional tax charge increased by €10.1 million to €24.6 million (2020: €14.5 million). This represents an effective tax rate, excluding joint ventures, of 13.0% (2020: 11.3%). The increase in the pre-exceptional tax rate is driven primarily by the improved performance and profitability across the Group and the geographic mix of those profits. The tax credit related to exceptional items is €7.6 million (2020: €4.2 million). The Group currently expects that its effective tax rate for 2022 will be in the range of 12% to 13%.

Share of results of joint ventures (discontinued operations)

The Group's share of joint venture profits from discontinued operations increased by €1.8 million to €25.7 million (2020: €23.9 million) in the year.

Discontinued operations relate to the Group's disposal of its remaining 40% interest in Glanbia Ireland to the Society for which all shareholder approvals have now been obtained with completion of the transaction anticipated in H1 2022, subject to standard regulatory clearances. This joint venture investment was considered as an investment 'held-for-sale', with equity accounting ceasing to apply from 17 December 2021, the date of approval of the transaction by members of the Society. On this basis and as Glanbia Ireland represents a significant component and separately reported segment of the Group, the Group's share of Glanbia Ireland's results have been presented separately in the financial statements as discontinued operations, with a corresponding restatement of comparative figures to show the discontinued operations separately from continuing operations.

Exceptional items

€'m – continuing operations	2021	2020
Organisation redesign costs (note 1)	**18.1**	31.2
Pension related costs (note 2)	**30.3**	–
Acquisition integration costs (note 3)	**–**	3.4
Legal settlement gain (note 4)	**–**	(3.4)
Asset impairments (note 5)	**–**	(0.4)
Covid-19 costs (note 6)	**–**	3.7
Wholly-owned exceptional charge before tax	**48.4**	34.5
Share of results of joint ventures (2021 charge: note 2; 2020 charge: note 6)	**2.0**	0.3
Exceptional tax credit	**(7.6)**	(4.2)
Exceptional charge after tax – continuing operations	**42.8**	30.6

€'m – discontinued operations	2021	2020
Share of results of joint ventures (2021 gain: note 7; 2020 charge: note 6)	**(0.7)**	0.9
Exceptional (gain)/charge after tax – discontinued operations	**(0.7)**	0.9

Details of the exceptional items are as follows:

1. **Organisation redesign costs** primarily relate 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 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. Costs incurred to date includes people and property related costs, and professional consulting fees. The investment phase of this multi-year strategic programme is now complete and no further costs are anticipated.
2. **Pension related costs** relate to the restructure of legacy defined benefit pension schemes associated with the Group and joint ventures, which included initiating a process for the ultimate buyout and wind up of these schemes and a further simplification of schemes that remain. Costs incurred relate to the estimated cost of the settlement loss as a result of acquiring bulk purchase annuity policies to mirror and offset movements in known liabilities of the schemes ('buy-in' transaction), as well as related advisory and execution costs, net of gains from the completion of an Enhanced Transfer Value exercise that reduces risk in remaining schemes.
3. Prior year **acquisition integration costs** comprised material costs relating to the acquisition, integration and restructuring of acquired businesses. No material once off costs of this nature were incurred in 2021.
4. Prior year **legal settlement gain** relates to net compensation received following the successful conclusion of a legacy case, with no similar gains in 2021.
5. Prior year **asset impairments** credit relates to the release of a provision not required on the disposal of certain inventory following the completion of a rationalisation and simplification of certain product lines and related assets in the GPN business. No similar costs were incurred in 2021.
6. Prior year **Covid-19 costs** relate to the initial costs of dealing with the Covid-19 pandemic for both the Group and its joint ventures, including 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. Similar costs were not incurred in 2021.
7. Exceptional item from **discontinued operations** relates to the Glanbia Ireland joint venture that was classified as a discontinued operation on 17 December 2021. The net gain in 2021 includes once off gains on the settlement of forward contracts and pension reorganisation, net of charges relating to the costs of a company-wide reorganisation programme that includes redundancy cost, professional service costs and impairment charges.

During 2021 there were cash outflows of €50.9 million and €5.0 million in respect of exceptional charges recognised in FY 2021 and FY 2020 respectively. During 2020 there were cash outflows of €29.5 million in respect of exceptional charges incurred in FY 2020 and prior years.

Profit after tax

€'m	2021	2020	Change
Profit after tax – continuing operations	**141.0**	120.8	+20.2
Profit after tax – discontinued operations	**26.4**	23.0	+3.4
Profit after tax for the year	**167.4**	143.8	+23.6

Profit after tax for the year was €167.4 million compared to €143.8 million in 2020, comprising continuing operations of €141.0 million (2020: €120.8 million) and discontinued operations of €26.4 million (2020: €23.0 million). Profit after tax from continuing operations comprises pre-exceptional profit of €183.8 million (2020: 151.4 million) and exceptional charges of €42.8 million (2020: €30.6 million). The €32.4 million increase in pre-exceptional profit after tax is driven by the increased profitability of wholly-owned businesses net of reduced profitability of Joint Ventures and Associates.

Profit after tax for the year includes profit from discontinued operations being the performance of the Glanbia Ireland joint venture up to the date it was classified as a 'held-for-sale' asset (17 December 2021), following which equity accounting ceased to be applied. Profit after tax (including exceptional items) from discontinued operations increased by €3.4 million to €26.4 million in the year.

Earnings Per Share

	2021	2020	Reported Change	Constant Currency Change
Basic EPS	**57.57c**	48.72c	+18.2%	+22.3%
– continuing	**48.47c**	40.93c	+18.4%	+23.3%
– discontinued	**9.10c**	7.79c	+16.8%	+16.8%
Adjusted EPS	**87.15c**	73.78c	+18.1%	+22.1%
– continuing	**77.84c**	65.21c	+19.4%	+23.9%
– discontinued	**9.31c**	8.57c	+8.6%	+8.6%

Basic EPS increased by 18.2% reported versus prior year, driven by a year-on-year increase in pre-exceptional profitability.

Adjusted EPS is a Key Performance Indicator (KPI) of the Group, a key metric guided to the market and a key element of Executive Director and senior management remuneration. Adjusted EPS increased by 22.1% constant currency (18.1% reported) in the year, driven primarily by the increased profitability in both GPN and GN, offset by a reduced share of profits of joint ventures, due to an exceptionally strong, market driven, prior year comparative in the US joint ventures. Adjusted EPS comprises continuing operations of 77.84 cent (2020: 65.21 cent) and discontinued operations following the classification of the Glanbia Ireland joint venture as held-for-sale of 9.31 cent (2020: 8.57 cent).

Group Finance Director's review continued

Cash flow

€'m	2021	2020
EBITDA pre-exceptional	**333.6**	273.5
Movement in working capital (pre-exceptional)	**16.5**	77.8
Business-sustaining capital expenditure	**(15.9)**	(16.5)
Operating cash flow	**334.2**	334.8
Net interest and tax paid	**(51.5)**	(43.0)
Dividends from joint ventures	**33.9**	36.6
Payment of lease liabilities	**(19.1)**	(19.2)
Other inflows/(outflows)	**6.4**	(2.7)
Free cash flow	**303.9**	306.5
Strategic capital expenditure	**(61.6)**	(47.7)
Dividends paid to Company shareholders	**(80.5)**	(78.6)
Share buyback (purchase of own shares)	**(91.3)**	(16.6)
Payment for acquisition of subsidiaries	**(95.0)**	(21.9)
Exceptional costs paid	**(55.9)**	(29.5)
Proceeds from sale of property, plant and equipment	**1.5**	–
Loans/investment in joint ventures	**(10.7)**	(9.6)
Net cash flow	**(89.6)**	102.6
Exchange translation	**(23.6)**	30.0
Cash/(debt) acquired on acquisition	**4.4**	(12.2)
Net debt movement	**(108.8)**	120.4
Opening net debt	**(493.9)**	(614.3)
Closing net debt	**(602.7)**	(493.9)

For more information on operating cash flow and free cash flow see glossary page 246 to 247.

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 Director and senior management remuneration.

OCF was €334.2 million in the year (2020: €334.8 million) and represents a strong cash conversion on EBITDA of 100.2% (2020: 122.4%). The OCF conversion target for the year was 80%. The OCF conversion rate remains very strong albeit that it has reduced since the prior year as a result of an increased strategic investment in working capital to support both supply chain efficacy and revenue growth across the Group.

The Group continues to actively manage its working capital with strong management of inventory and receivables ongoing throughout the year.

FCF was €303.9 million versus €306.5 million in 2020, with the reduction primarily due to higher net tax payments in the year.

Acquisition spend relates to the cost of LevlUp and PacMoore acquisitions, which completed in May 2021 and September 2021 respectively, and final earn-out payments of the 2020 Foodarom acquisition. Loans to/equity in joint ventures during 2021 includes the continuation of the investment in Glanbia Cheese EU, the mozzarella cheese joint venture in Portlaoise, Ireland.

Share buyback cash flows relate to the conclusion of a share buyback programme of €50 million launched in November 2020 which concluded in 2021, another programme of €50 million which commenced and concluded in 2021, and a third €50 million programme which commenced in December 2021 and which was continued into 2022. The Board continues to review buyback programmes as part of the Groups capital allocation strategy as they provide an opportunity to allocate capital to the benefit of shareholders.

Group net debt

Financing Key Performance Indicators	2021	2020
Net debt (€'m)	**602.7**	493.9
Net debt: adjusted EBITDA	**1.71 times**	1.70 times
Adjusted EBIT: net finance cost	**15.1 times**	10.0 times

The Group's financial position continues to be strong. Net debt at the end of 2021 was €602.7 million (2020: €493.9 million), an increase of €108.8 million from prior year. At year-end 2021, Glanbia had committed debt facilities of €1.16 billion (2020: €1.23 billion) with a weighted average maturity of 3.9 years (2020: 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 1.71 times (2020: 1.70 times) and interest cover was 15.1 times (2020: 10.0 times), both metrics remaining well within financing covenants.

Use of capital

Capital expenditure

The cash outflow relating to capital expenditure for the year amounted to €77.5 million (2020: €64.2 million) which includes €15.9 million of business-sustaining capital expenditure and €61.6 million of strategic capital expenditure. Key strategic projects completed in 2021 include the consolidation of GPN manufacturing sites in Chicago as part of the GPN transformation programme.

Investments in Joint Ventures

During 2021, the Group continued developing its joint venture investment portfolio, which commenced in 2018. The new cheese and whey manufacturing facility in Michigan, US which is part of the MWC-Southwest Holdings JV was successfully commissioned in H1 2021 with no further investment required in the year.

During 2021 the Group also advanced a further €10.7 million to Glanbia Cheese EU, the joint venture mozzarella cheese plant in Portlaoise, Ireland, bringing the total invested to €38.7 million, with a further €10.0 million cash contributions committed in addition to an undrawn loan facility of €1.3 million. Commissioning is ongoing, and is expected to complete in 2022.

Return on Capital Employed

	2021	2020	Change
Return on Capital Employed:	**10.1%**	9.0%	+110bps
– continuing operations	**10.0%**	8.8%	+120bps
– discontinued operations	**12.0%**	11.6%	+40bps

Return on Capital Employed (ROCE) increased in 2021 by 110 basis points to 10.1%. This increase was primarily due to improved profitability in GPN as a result of improved operating leverage and benefits from the successful delivery of the GPN transformation programme. 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 2021 review, nor did sensitivity analysis identify any scenarios where a reasonably possible change in assumptions would result in an impairment charge. Full details of the annual impairment reviews are set out in note 16 of the financial statements.

For the purposes of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows, in Cash Generating Units (CGUs), and these 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 2021 and we have now completed the ongoing organisation redesign within GPN in 2021, which will result in a further consolidation of reported CGUs in 2022.

Dividends
The Board is recommending a final dividend of 17.53 cent per share which brings the total dividend for the year to 29.28 cent per share, a 10% increase on the prior year. This total dividend represents a return of €84.5 million to shareholders from 2021 earnings and a payout ratio of 33.6% of 2021 adjusted Earnings Per Share which is in line with the Board's target dividend payout ratio of 25% to 35%. The final dividend will be paid on 6 May 2022 to shareholders on the share register on 25 March 2022.

Total Shareholder Returns
Total Shareholder Return (TSR) for 2021 was +21%. The STOXX Europe 600 Food & Beverage Index (F&B Index) a benchmark for the Group, increased by 24.1% in 2021. The three-year period 2019 to 2021 Glanbia TSR was negative 19.7% versus the F&B Index of +51.4%. The five-year Glanbia TSR to 2021 was negative 14.5% versus the F&B Index of +60.9%. Glanbia's share price at the end of the financial year was €12.30 compared to €10.38 at the 2020 year-end, an 18.5% increase.

Impact of new accounting standards
No new accounting standards were adopted in 2021. Amendments to existing standards during the year did not have a material impact on the Group.

Pension

The Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, decreased by €15.1 million to €14.2 million in 2021 (2020: €29.3 million). The defined benefit pension liability is calculated by discounting the estimated future cash outflows using appropriate corporate bond rates. During 2021, the company restructured UK pension schemes, crystallising a settlement loss that was more than offset by additional employer contributions and actuarial gains in the period, leading to the overall reduction in net pension liability. A further restructuring of Irish pension schemes, resulted in gains that offset some of the UK related losses, ultimately reducing the net pension liabilities and future volatility on the Group's balance sheet.

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 strengthening of the US dollar compared to prior year, there was a currency translation gain arising primarily on the translation of US assets and liabilities into euro which is presented within other comprehensive income and amounted to €126.7 million in the year. The amount included a gain of €13.0 million on the retranslation of non-euro denominated cash and cash equivalents as presented in the cash flow statement. Average and year-end euro to US dollar rates were as follows:

	Average		Year-end	
	2021	2020	**2021**	2020
1 euro converted to US dollar	**1.1826**	1.1423	**1.1326**	1.2271

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 2021 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.

The Group Chairman consulted directly with a significant number of shareholders throughout the year. The Remuneration Chair led a consultation on Remuneration Policy and this feedback was shared and discussed by the Board. The Group Director of Strategic Planning and Investor Relations undertook shareholder consultation on the Group's share buyback resolution and published a summary of the feedback, where available.

In 2021, Glanbia virtually attended 16 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 relations website.

Annual General Meeting (AGM)
Glanbia plc's AGM will be held on Thursday, 5 May 2021, in the Hotel Kilkenny, College Road, Kilkenny, Ireland.

Mark Garvey
Group Finance Director

We believe in healthier lifestyles continued

WE BELIEVE IN SUSTAINABLE OPERATIONS

Sustainability is fundamental to everything we do. Our holistic approach to sustainability responds to the challenges that endanger our planet and people. Our Pure Food + Pure Planet sustainability strategy tackles the topics that are most material to our business and our stakeholders, and translates our overall sustainability efforts into tangible results that enable us to improve the environmental, societal and economic impact of our products.

Wastewater Treatment

The new MWC-Southwest Holdings (MWC) cheese and whey processing facility in St. Johns, Michigan was engineered and built to contribute significantly to our commitments around carbon, water, and waste reduction. Reverse osmosis and polisher equipment generates ~800,000 gallons a day of clean water from the milk processed in making cheese. Instrumentation is used to recover clean flush water for all equipment rinses, minimising water down the drain and re-using the water as many times as possible. Over 90% of water is reused. The on-site wastewater treatment plant currently processes ~1.5 million gallons of water a day, which is treated to high enough standards to be discharged to the Great Lakes. MWC is in effect a net generator of water since it discharges more than it pulls from the city. The state-of-the-art wastewater treatment plant includes anaerobic digestion to generate biomethane, creating renewable energy from waste to help fuel plant operations.

UK Reducing use of Virgin Plastic

Tub Consolidation & Reduction Project

The GPN UK Team successfully implemented a reduction in packaging for the Optimum Nutrition Gold Standard Pre-Workout, BCAA, and AMIN.O. Energy product lines by reducing the excess headspace and the length of the scoop. Resulting in a reduction of over 5 tonnes of plastic annually.

Reducing use of Virgin Plastic with Recycled Plastic

Launched new Optimum Nutrition ready-to-drink (RTD) Protein Shakes, using 51% recycled PET (rPET) exceeding the new UK tax regulations threshold of minimum 30% recycled plastic. With rPET requiring less energy to recycle than it takes to manufacture bottles using virgin PET, an rPET content bottle has a lower carbon footprint. In 2021 this change impacted over 1.2 million bottles.

Pure Food + Pure Planet

DELIVERING NUTRITION **FOR A BETTER WORLD**

Michael Patten
Chief ESG & Corporate Affairs Officer

Glanbia has embraced a comprehensive commitment to ESG, actively and transparently managing our impacts on our stakeholders inside and outside the organisation. Environmental sustainability is core to that commitment.

Integrating sustainable practices and governance structures across our business

In 2021 we embarked on a progressive journey to net zero based on: strategic analysis; good data analytics; science-led, detailed planning; and a commitment to building partnerships, for we cannot achieve our goals in isolation.

We established new governance structures for Environmental, Social and Governance (ESG), with Board responsibility for ESG policy and oversight. Our new governance structure, as outlined on page 111, identifies the roles and responsibilities of those tasked with integrating ESG practices into the business and aligns with how we manage risk in the organisation. Building out sustainable operations in an integrated manner and finding solutions across the business is something we are well-placed to do.

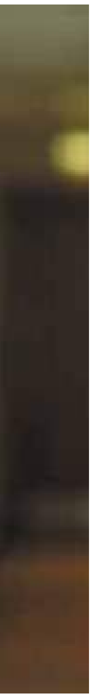
Our approach is built on science and knowledge, coupled with practical innovation and delivered through working in partnership with others. We have progressively invested in building out our data capability, scaling best practice and demonstrating our action on our most material elements, leveraging our longstanding focus on operational excellence. Our partnerships are informing our strategic actions, while our external engagements allow Glanbia contribute to industry-wide solutions.

We also conducted an extensive project to identify potential climate related risks and opportunities partnering with The Carbon Trust. The project is informing our Task Force on Climate-Related Financial Disclosures (TCFD) report but, more fundamentally, has added climate insights and extensive modelling capability specific to Glanbia's business model, strategy and risk management processes.

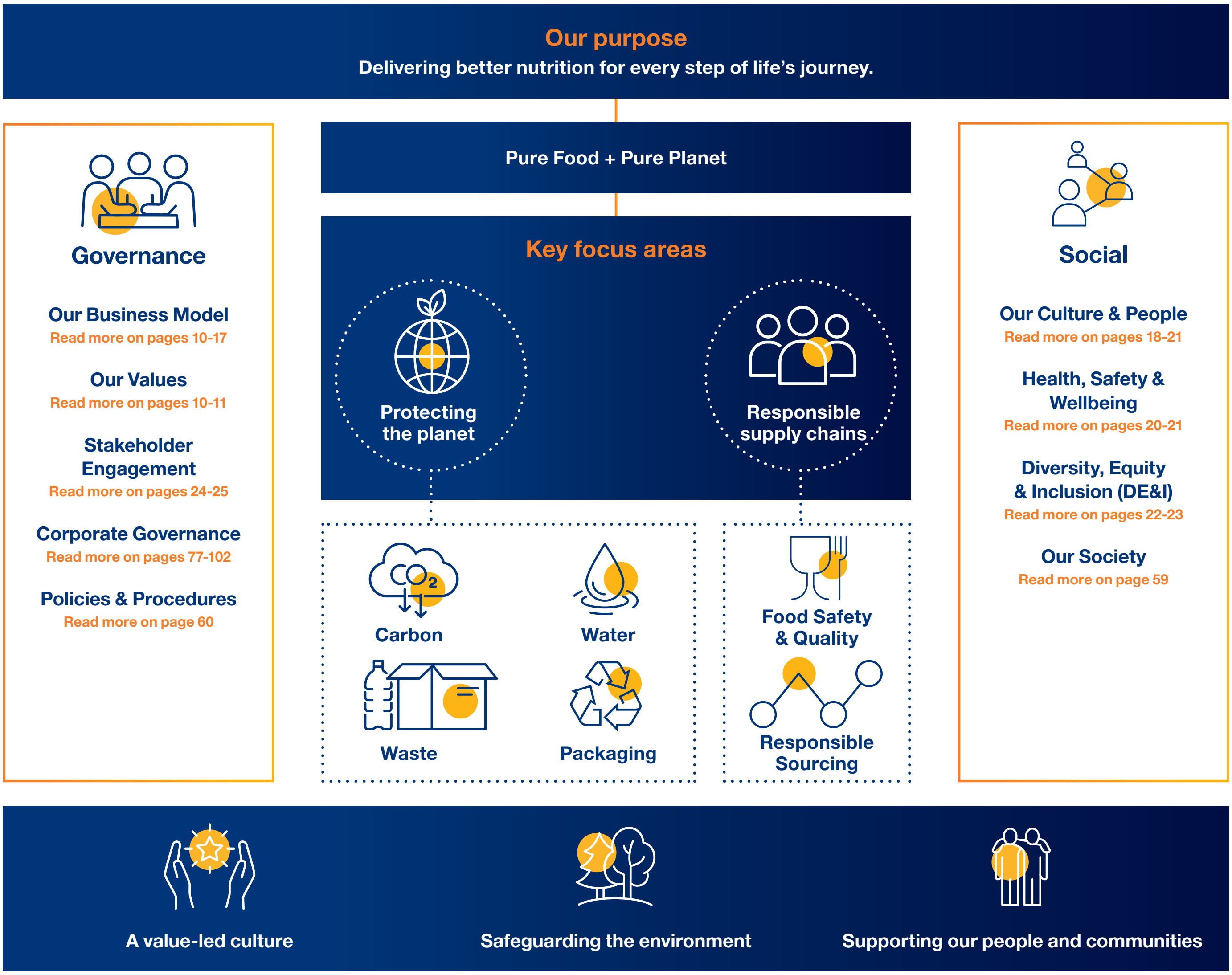
In aligning with TCFD disclosure requirements we are confident in the bedrock of our governance, strategy and risk management. In January 2021, the Board approved a strategy focused on our most material environmental sustainability areas. The most ambitious element is decarbonisation and in July 2021 the Science Based Targets initiative (SBTi) validated our targets. Our sustainability strategy is focused on our operational control boundary (which includes Glanbia's wholly-owned operations as well as the MWC-Southwest Holdings joint venture operations). We recognise that while dairy is one of the world's most complete and nutrient dense foods, it is a carbon intense sector. For this reason we have been heavily engaged with external thought leadership including the US Dairy Net Zero Initiative. Refer to page 58 for an illustration of the key components of this initiative.

Our work on prioritising sustainable business practices is not new, nor is it a 'bolt-on' to Glanbia's operational focus. It will inform and integrate into every part of our business. Embedding these practices across our operations and supply chain takes time but we are confident that the robust analysis we have carried out on data, the insights derived from extensive expert audits in 2021 on energy and water, and the continued development of the US Dairy Net Zero Initiative are key tools for delivering on our sustainability commitments. This in turn has deep and positive implications for the way we deploy resources, for the way we organise ourselves, and for our culture. Adapting ourselves to take substantial action on our operations provides an opportunity to build on our commitment to be a purposeful business, which thinks and acts for the long term, and will continue to thrive for generations.

"Our focus is to deliver on our commitments, fully, in a prudent and planned manner. That is the essence of our culture."



Our sustainability framework draws together our environmental, social and governance ambitions. These ambitions will be delivered as part of our business model, and will be fully embedded in the way we work. This framework helps us to articulate how we deliver our purpose.



Progress 2021

- New strategies for environmental sustainability and DE&I approved by the Board
- Enhanced ESG resources and governance
- ESG metrics included in executive remuneration (for both short and long-term incentive plans)
- Completed a climate risk and opportunity assessment and issued first TCFD report
- Greenhouse gas (GHG) emission targets set across Scopes 1, 2 and 3 and validated by the SBTi
- Independent energy and water audits carried out for all key manufacturing sites
- On-boarding of EcoVadis to support our responsible procurement ambition
- Continued 100% compliance record of maintaining a globally recognised food safety certificate programme at all our manufacturing sites

Priority areas 2022

- Focus on building sustainability awareness and enhance our sustainability culture through communication, reporting and engagement with our key stakeholders
- Build upon the climate risk and opportunity assessment review and TCFD process
- Focus on renewable electricity procurement
- Develop detailed strategic programme for on-farm emissions
- Implement energy and water priority projects, a direct output from the independent audit process carried out during 2021
- Develop water use reduction ambition and establish polished water impact
- Food quality to focus on revising and updating Glanbia Quality System (GQS) standards, practices, and auditing around our extended supply chain, including contract manufacturers

Environment

OUR **FOCUS AREAS**

Our focus areas for sustainability are based on our materiality assessment which is used to identify our material issues as outlined on pages 24 and 25. These focus areas are further underscored by the 2021 Carbon Trust 'Climate Change Risk Assessment' where decarbonisation and water resource efficiency were identified as vital mitigation strategies.

CARBON IN OUR OPERATIONS

In 2021 the Board approved Glanbia's new sustainability strategy, 'Pure Food + Pure Planet' which is the culmination of analysis of metrics, issues, options and science-based potential involving workstreams across the organisation and supported by expert external advisors.

For carbon operations we committed to a 31% reduction in carbon emissions at all our manufacturing sites under our operational control by 2030 (Scope 1 and 2) and to reduce carbon emission intensity in our dairy supply chain by 25% by 2030. Both commitments are from a 2018 base year. Our targets were developed with the expert guidance of The Carbon Trust and align to the Paris Agreement to limit global temperature increases. These targets were validated by the Science Based Target initiative (SBTi) to a well below two degrees celsius pathway.

Since then the workstreams that undertook the strategy work have moved into implementation mode. A significant upgrade was undertaken in our data systems platform and enhanced data capture methodologies were deployed to ensure we can measure and react in real time, and can evaluate the impact of our projects.

In 2021 the Group commissioned energy audits of its seven biggest sites to benchmark all utilisation data and set out opportunities for energy optimisation and reduction. This review reported comprehensively in December 2021 and has detailed priority opportunities which have the potential to significantly reduce energy consumption in operations. Detailed project feasibility plans and costings are being prepared in 2022 against priority projects.

Glanbia's strategy also targets, as far as possible, 100% renewable electricity across our network. Much of the Group's purchased electricity is already renewable sourced. A working group is advancing plans to shift progressively to 100% renewable electricity sourcing, taking account of availability, procurement management, and optimal alignment with energy efficiency initiatives. It is expected that this planning will also be substantially completed in 2022.

To date our operational control Scope 1 and 2 emissions reduced by 8% compared to our 2018 baseline. With the first full year of operations in 2021 of the new large scale MWC facility in St. Johns, Michigan, it is being added to the Group's carbon footprint database. Given the scale of the operation we will examine re-baselining in due course.

"To date our operational control Scope 1 and 2 emissions reduced by 8% compared to our 2018 baseline."

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Glanbia has had its emissions reduction targets approved by the Science Based Targets initiative as consistent with levels required to meet the goals of the Paris Agreement.

Scope 1 and 2

31%

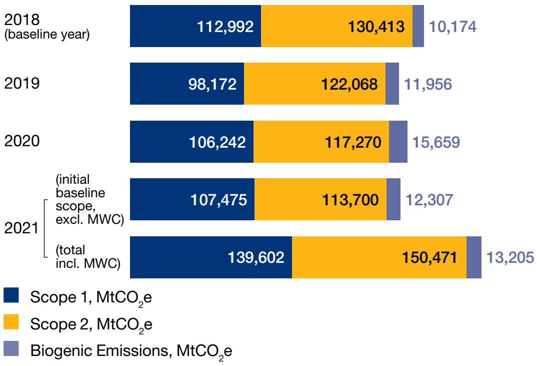
carbon emissions reduction by 2030 (2018 baseline)

Scope 3

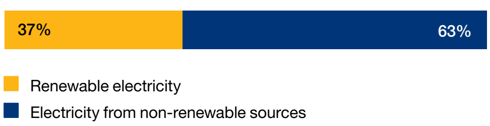
25%

reduction in carbon intensity in our dairy supply chain

Greenhouse Gas (GHG) Emissions ($MtCO_2e$) – Scopes 1-2 and biogenic emissions, 2018-2021



RENEWABLE ELECTRICITY – 2021 (Glanbia - operational control incl. MWC)*



* Percentage of renewable electricity is calculated based on Renewable Energy Certificates (REC), power purchasing contracts or grid electricity data where other sources are not available.

WATER

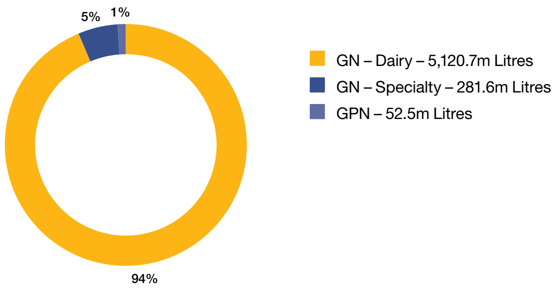
In 2021, consultants, Harbor Environmental conducted a Water Risk Assessment using the World Resource Institute (WRI) Aqueduct 3.0 mapping tool. Aqueduct measures water risks across 13 risks in 3 categories: Physical Risk (Water Quantity), Physical Risk (Water Quality), Regulatory and Reputational Risks. Informed by the Water Risk Assessments, Harbor Environmental carried out water audits at two material sites.

The results of those audits, together with site water conservation plans are informing our 2022 action plans for water conservation and management. In addition to active water recycling Glanbia's dairy processing operations recover significant volumes of water (polished water) from raw milk supplies which are then used for in-process utilisation. These volumes significantly offset demand for fresh water.

Glanbia re-baselined its fresh water data across all operational control sites in 2021 and in 2022 will supplement this with improved accounting for polished water utilisation. Taken together with the risk assessments, audits and water reduction project plans, the Group is assembling comprehensive benchmark data and will finalise its water use reduction targets in 2022.

Fresh Water Consumption Intensity (L/Kg)

FRESH WATER CONSUMPTION – 2021, baseline year (Glanbia - Operational Control incl. MWC)



WASTE

We are committed to achieving zero waste to landfill by 2025 and to reducing food waste by 50% by 2030. In 2021 our waste project team completed baselining work on the broad waste streams: landfill; non-landfill; and recycled. Furthermore, Glanbia used the 'Food Loss & Waste Protocol' by World Resources Institute to identify and classify food waste generated across all our production sites.

The majority (78%) of our operational food waste is currently diverted to animal nutrition. According to the 'Food Recovery Hierarchy', it is one of the most wholesome ways to repurpose food ingredients that cannot go to human consumption directly.

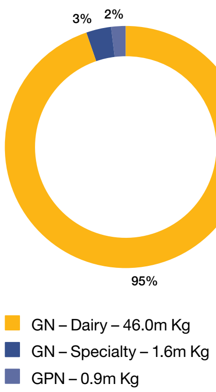
In 2022 our project team will continue examining and implementing solutions to drive out waste generation sources, including reducing surplus goods and ingredients produced, and ensuring we maximise operational waste recovery and recycling.

Our Commitments

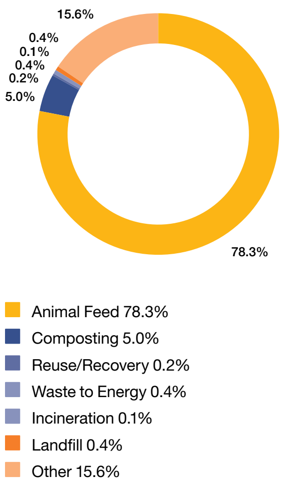
100% zero waste to landfill by 2025

50% reduction in food waste by 2030

FOOD WASTE GENERATED (Kg) – 2021 (Glanbia – operational control incl. MWC)

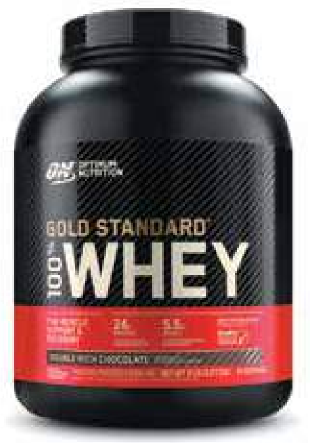


FOOD WASTE RECOVERY – 2021 (Glanbia – operational control incl. MWC)



Environment continued

PACKAGING



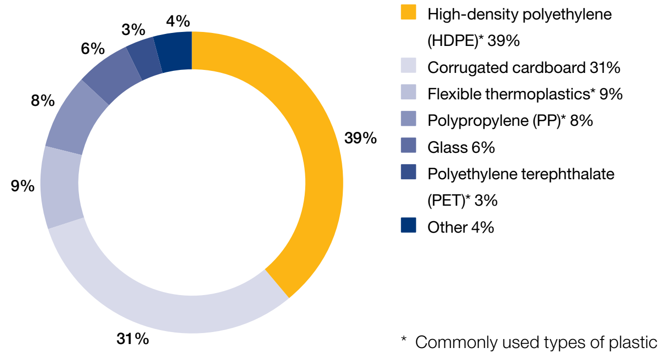
In 2021 we established a packaging steering committee and technical teams led by Glanbia Performance Nutrition (GPN), charged with baselining our packaging footprint and developing the strategy for consumer facing packaging. The baselining exercise identified the most material focus areas: high-density polyethylene (HDPE) and flexible packaging. Based on the assessment undertaken, Glanbia is committing to all consumer packaging materials being 100% recyclable, reusable, or compostable by 2030.

The recognition of black plastics can often be problematic in recycling centres in some markets. A key project by GPN in 2021 was to validate that its largest packaging stock keeping unit (SKU) in North America, the iconic ON black HDPE tub, is being recycled in North America.

The exercise found that technology is available for recycling centres to detect and sort black HDPE and there is a strong secondary market as a material used for the manufacture of long life span building materials.

In 2022 we will establish packaging data management via Intelex with support from Harbor Environmental. Our teams will work with both upstream suppliers and downstream recycling services to investigate solutions and drive progress against our target.

Packaging footprint



* Commonly used types of plastic

Target agreed:
Glanbia commits to all consumer packaging materials being 100% recyclable, reusable, or compostable by
2030

ESG BENCHMARKS

In 2018 we completed our first Carbon Disclosure Project (CDP) submission. CDP gives us the opportunity to be transparent with key stakeholders and meet specific customer demands on sustainability data and progress. In 2021 we improved our CDP scores for climate change and maintained a strong water security score. Our supplier engagement score improved significantly reflecting our value chain work and Scope 3 targets. The improvement was a direct result of the strategic work behind 'Pure Food + Pure Planet'. Establishing science based targets and improving our carbon reporting data across Scopes 1, 2 and 3 all contributed to an improved rating.

Our water security score maintained, and we expect the water action plans based on the water risk assessments and site audits, as well as the development of strategic water conservation targets will see our performance improve. Furthermore, governance and executive remuneration are providing stakeholders confidence in our execution.

Outside of the CDP score improvements, our ESG rating from Morgan Stanley Capital International (MSCI) also improved in 2021, from an A level to an AA level rating. This is another endorsement of the progress we have made to date.

CDP Climate Change	Glanbia	Sector Average
2021	**C**	**B-**
2020	D	B-
2019	D	B-

CDP Water Security	Glanbia	Sector Average
2021	**B-**	**B**
2020	B-	B
2019	B-	B

CDP Supplier Engagement	Glanbia	Sector Average
2021	**A-**	**B-**
2020	C	B
2019	B	C

RESPONSIBLE SUPPLY CHAINS

Our success is built on shared value and partnership, from our evolution in dairy to a global nutrition company. In our 'Pure Food + Pure Planet' sustainability strategy, we recognise the importance of working in partnership with our supply chain, to enhance our sustainability impact. In 2021 we made significant progress in developing our Global Procurement Policy, training our procurement teams on responsible sourcing, and partnering with EcoVadis.

Glanbia procurement

In 2021, we launched our Group-wide Responsible Procurement Programme which sets out our supplier selection criteria and integrates sustainability into the procurement processes, procedures and systems with key stakeholders.

We focused on ensuring and re-enforcing compliance with all applicable laws on anti-slavery and human trafficking, requiring our suppliers to confirm acceptance and conformance with the relevant Glanbia policies. Our Global Procurement Policy was updated to include responsible procurement requirements and ethical provisions which were included in our standard terms and conditions.

In growing our procurement teams understanding, we partnered with The Chartered Institute of Procurement and Supply (CIPS) to provide an ethical procurement and supply course across ESG.

In November of 2021, we partnered with EcoVadis, the world's most trusted provider of business sustainability ratings, to help develop and support our responsible procurement programme. Using their technology platform they provide evidence-based ratings of companies that are validated by a global team of experts. The overall score awarded to companies (0-100) reflects the quality of the company's sustainability management system at the time of the assessment.

Following an initial assessment of our top 90 suppliers, 30 suppliers already have an EcoVadis rating. A further 25 suppliers are now being invited on to the EcoVadis platform for evaluation and by the end of 2022 all key suppliers will be assessed.

The Group has a zero tolerance approach to bribery or any form of corrupt practices as outlined in the Group's Anti-Bribery and Corruption policy, published on our website, this policy is supported by the Group Code of Conduct and Supplier Code of Conduct.

% of Idaho supply implementing FARM modules:

Animal Care
100%

Environmental Stewardship
100%

Workforce Development
100%

Dairy supply

Dairy is one of nature's complete foods and a critical part of our food chain, however, we recognise that dairy production is inherently high in greenhouse gas emissions. We are committed to working with our farmers to demonstrate dairy's potential as a climate solution. In 2021 the SBTi validated our carbon commitment to reduce our scope 3 emissions (emissions associated with our dairy supply chain) intensity by 25%. This commitment is a central component of our de-carbonisation strategy and is developed based on extensive value chain foot-printing carried out in conjunction with The Carbon Trust. This assessment based on 2018 data estimated a baseline intensity of 5.47t CO_2e per tonne of production within our operational control boundary, in which 70% of our total GHG emissions came from purchased milk footprint. The baseline was calculated considering volumes of milk processed, production tonnes and market-based emission factors.

Based on the modelling of available technologies and their likely uptake completed as part of our strategy in 2020, our key project in 2022 is to develop a clear roadmap of actions and initiatives which can be pursued in partnership with our milk suppliers and joint venture partners to achieve our Scope 3 ambition. We will also focus on data and measurement, working with trusted partners and leveraging our engagement in US Dairy's Net Zero Initiative. This plan must also take account of the recent Forest, Land and Agriculture (FLAG) guidance issued by SBTi in respect of designated Scope 3 pathways in the food sector, and which may alter some of our original planning assumptions.

Since 2012 we have worked with our Idaho milk suppliers on a journey of continuous improvement. The approach has seen Glanbia Nutritionals require suppliers to be in full standing with the National Milk Producers Federation (NMPF) Farmers Assuring Responsible Management (FARM) programme. FARM provides the evidence that US dairy farmers are operating to the highest standards. In early iterations the focus was on animal care and antibiotic stewardship, however, in meeting growing consumer interest and in the true spirit of continuous improvement the programme has evolved to include programmes on Environmental Stewardship and, most recently, Workforce Development.

Food safety and quality

Now in its seventh full year, the Global Quality Leadership Team (QLT) remains the centre of excellence and expert network where policies are developed to ensure standardisation of best practices. The Glanbia Quality System (GQS), our internal food safety code of practice, has been further expanded in 2021.

In 2021 we continued to ensure 100% compliance to the Group-wide policy for maintaining a globally recognised certification programme (e.g. The Global Food Safety Initiative (GFSI)) at all our manufacturing sites. These externally benchmarked and conventionally required certifications demand systematic, comprehensive management programmes and procedures, integrated with our operational practices.

Looking forward to 2022, the QLT will focus on revising and updating GQS standards, practices, and auditing around our extended supply chain, including contract manufacturers, to verify that our key business partners are applying the same level of rigour to Quality and Food Safety principles as our wholly-owned sites. A newly established laboratory excellence team was formed in 2021, which will work to harmonise laboratory best practices, including the global application of laboratory information management systems (LIMS), improved testing methodologies and standards, and assessing laboratory certification as a possible strategy.

Environment continued

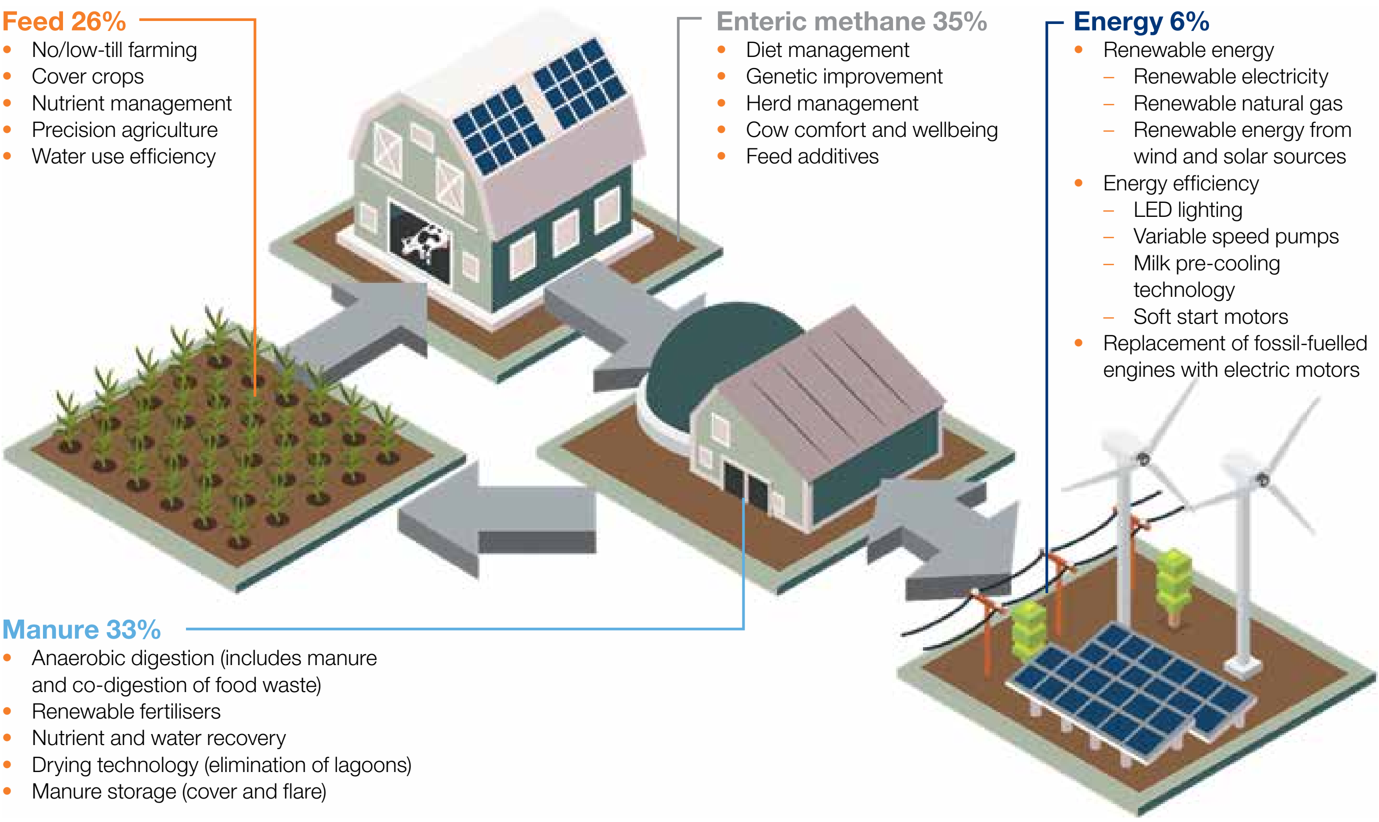
CASE STUDY

US DAIRY
NET ZERO INITIATIVE

The US Dairy Net Zero Initiative (NZI) is an industry-wide effort to accelerate on-farm sustainability by making sustainable practices and technologies more accessible and affordable to US dairy farms of all sizes and geographies. Glanbia has been engaged in the development of NZI and will continue to support the development of US Dairy's net zero roadmap. The NZI is an important enabler in our on-farm decarbonisation ambition. The extensive research programme, stakeholder engagement and education deliver insights to farmers on how to reduce their footprint in line with the Science Based Targets.

Mitigating dairy's environmental footprint

The US Dairy Industry has identified a series of initiatives to address greenhouse gas (GHG) emissions at each step of a farm footprint.



Feed 26%
- No/low-till farming
- Cover crops
- Nutrient management
- Precision agriculture
- Water use efficiency

Enteric methane 35%
- Diet management
- Genetic improvement
- Herd management
- Cow comfort and wellbeing
- Feed additives

Energy 6%
- Renewable energy
  - Renewable electricity
  - Renewable natural gas
  - Renewable energy from wind and solar sources
- Energy efficiency
  - LED lighting
  - Variable speed pumps
  - Milk pre-cooling technology
  - Soft start motors
- Replacement of fossil-fuelled engines with electric motors

Manure 33%
- Anaerobic digestion (includes manure and co-digestion of food waste)
- Renewable fertilisers
- Nutrient and water recovery
- Drying technology (elimination of lagoons)
- Manure storage (cover and flare)

Visuals do not represent all possible practices, technologies or benefits. Each farm can voluntarily contribute to net zero efforts based on their individual operation.
*Adapted from Thoma 2013, Regional Analysis of greenhouse gas emissions from USA dairy farms. A cradle to farm-gate assessment of the American dairy industry circa 2008.

Our society

SUPPORTING HEALTH AND **WELL BEING IN OUR COMMUNITIES**

Education initiatives

Glanbia Performance Nutrition (GPN) Global Education elevated Sports Nutrition School (SNS) to a virtual platform to extend its reach into 30 countries globally, targeting customers, retailers, distributors, consumers and internal teams, with nearly 13,000 participants during 2021. The team also launched SNS Level 400 – Peak Product Performance, a new course designed to share a comprehensive learning on GPN's top products. GPN Global Education offers continuing education through SNS Advanced Training, focusing on our main pillars including nutrition, performance, ingredients, brands, products and quality.

Support for local communities

Glanbia continued to support communities around the world in 2021. In North America, Glanbia Nutritionals (GN) continued its work with local communities, supporting foodbanks across Idaho and New Mexico throughout the year and partnering with local patrons to contribute to food drives across our organisation. In Idaho, GN partnered with Valley House Homeless Shelter on their new Beyond Shelter Project, contributing $50,000 towards a new shelter which will support homeless persons and families in the Magic Valley region. GPN North America also supported worthy causes, with members of the GPN team volunteering at the Northern Illinois Food Bank in December to help pack over 5,300 meals for those in need.

Breast Cancer Ireland

Glanbia continued its partnership with Breast Cancer Ireland (BCI) in 2021. Once more, the Great Pink Run with Glanbia went virtual and global with 270 Glanbia employees from all over the world taking part, joining over 8,000 participants. In 2021, Glanbia helped to raise €650,000 for breast cancer research through its support of the Great Pink Run and other BCI initiatives.

GN contributed $50k to the Valley House Homeless Shelter in Idaho, supporting homeless persons in the region.

Members of the GPN team in Illinois volunteered at the Northern Illinois Food Bank to pack meals for those in need during the holiday season.

CASE STUDY

OPTIMUM NUTRITION PARTNERS **WITH ATHLETE ALLY**

As part of its brand activity for Pride 2021, Glanbia's flagship sports nutrition brand Optimum Nutrition joined forces to partner with Athlete Ally, a US based non-profit organisation, whose mission is to educate athletic communities to understand the obstacles to inclusion for LGBTQ+ people in sports and how they can build more inclusive communities. Through the partnership, Athlete Ally's founder participated in an education programme with Glanbia employees to talk about inclusion and allyship in sporting organisations.

Non-financial reporting statement

Glanbia complies 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	• Environment section – pages 52 to 56 • Responsible supply chains – pages 57 and 58 • ESG Committee Report – pages 109 to 111 • Task Force on Climate-related Financial Disclosures (TCFD) Report – pages 61 to 66 • Risk management – pages 69, 72 and 73
Employee matters	• Culture and engagement • Group code of conduct • Whistleblowing policy • Diversity, equity and inclusion	• Employee engagement survey – pages 19 and 21 • Whistleblowing and fraud – page 108 • UK Corporate Governance Code – pages 77 to 80 • Diversity, equity and inclusion – pages 22 and 23
Social matters	• Education initiatives • Community support	• GPN Sports Nutrition School – page 59 • Community and charity support – page 59
Human rights	• Anti-slavery and human trafficking statement • Supplier code of conduct • Human rights policy	• See page 57 and our policies can be viewed on www.glanbia.com/investors/corporate-governance/our-policies
Anti-bribery and corruption	• Group code of conduct • Anti-bribery and corruption policy	• See page 57 and our policies can be viewed on www.glanbia.com/investors/corporate-governance/our-policies
Description of principal risks and impact of business activity		• Principal risks and uncertainties – pages 72 to 75
Description of the business model		• Business model – pages 10 and 11
Non-financial Key Performance Indicators (KPIs)		• Key Performance Indicators – page 27

Consolidated disclosures pursuant to Article 8 Taxonomy Regulation

Following consideration of the 'EU Taxonomy Compass', and detailed review of the economic activities descriptions and NACE code definitions as referenced within the "EU Taxonomy Climate Delegated Act (Delegated Act)", the Group concludes that our core economic activities of food processing and manufacturing are not included within the Delegated Act and consequently are Taxonomy non-eligible.

Refer to pages 150 and 151 for Glanbia's consolidated disclosure in accordance with "Article 8 Taxonomy Regulation" and Art. 10 (2) of the Art. 8 Delegated Act (Disclosures Delegated Act).

Task Force on Climate-related Financial Disclosures Report

Glanbia is pleased to present our first report under the Task Force on Climate-related Financial Disclosures (TCFD) framework. As recommended by the TCFD, we have set out our disclosures around the four key areas where climate-related impacts should be considered and embedded within our organisation – Governance, Strategy, Risk Management, and Metrics and Targets.

At Glanbia, consideration of the impact of climate change is part of our core business and strategic agenda. We recognise the continued importance of integrating climate-related impacts within our governance, operational and strategic model, and are committed to building further on our existing structures, strategy and resources in this respect.

This statement pertains to the parts of the business over which Glanbia has operational control. This includes the Group's wholly-owned operations as well as the MWC-Southwest Holdings joint venture operations where Glanbia plc has full authority to introduce and implement Glanbia operating policies in accordance with our sustainability strategy, as well as those operations related to our supply chain footprint.

Under the UK Financial Conduct Authority (FCA) listing rules (LR 9.8.6(R)(8)) relating to TCFD recommendations and recommended disclosures relating to climate-related disclosure requirements, as outlined within the FCA Handbook, we have disclosed consistent with the TCFD framework except for (1) embedding climate-related risks and opportunities (CROs) into our financial planning and completing quantitative scenario analysis under "Strategy" and (2) aligning metrics to the identified CROs and setting relevant targets under "Metrics and Targets". The detail within this disclosure addresses our plans to complete further work on these areas, also refer to page 66.

Governance

The Board: is responsible for the oversight of all Group activities that ensure the long term sustainability of our business. Our purpose, 'to deliver better nutrition for every step of life's journey', our vision, 'to be one of the world's top performing nutrition companies trusted to enrich lives every day', and our values speak to our desire to drive performance and shareholder value in a way that is truly sustainable. In assessing that organisational sustainability, the Board considers all risks and opportunities including the impact of climate change. To assist in addressing all organisational risks and opportunities, the following Board Committees ensure that the Group adopts a holistic embedded approach to risk management, including climate change.

Audit Committee: monitors and reviews the effectiveness of the Groups risk management system (including climate risk).

Environmental, Social and Governance (ESG) Committee: assists the Board in defining and reviewing the integration into the Group strategy of all relevant ESG factors.

Remuneration Committee: designs incentive structures across both short term and long term incentives to promote the achievement of defined key performance indicators.

Management: The Group Managing Director and Executive team are responsible, under Board direction, for the execution and delivery of the Group's strategic plans. Management report regularly to the Board on all matters relating to the performance of the Group including climate-related matters. Recognising the importance of the overall ESG agenda and the management of CROs we have increased resourcing in this area in 2021, including the appointment to the Executive committee of a Chief ESG and Corporate Affairs Officer, to oversee delivery of the ESG agenda, supported by the Group Operating Executive ESG Committee and a Group-wide ESG Centre of Excellence team. Refer to page 111 for details on the ESG governance structure and related activities.

Strategy

In 2021, we engaged The Carbon Trust, an independent sustainability consultant, to assist the Group in analysing the possible CROs which may be faced by the business, to better understand the potential impacts from physical climate change risks and possible risks associated with the transition to a decarbonised economy. The approach adopted to determine the CROs is outlined within the 'Risk management' section, page 65, including details on the identification and prioritisation phases adopted. Overall, a list of 13 potential thematic CROs were identified, prior to the consideration of any mitigating measures. From a materiality assessment perspective, each item was assessed independently of each other on an annualised basis, rather than through detailed scenario or quantification analysis.

Impact of the CROs on our strategy

While our strategic planning process has in the past considered the risk of climate change this process has refined our approach further and in 2022 we will assess how the potential identified CROs might affect our financial planning and business strategy, specifically focusing on our operations, supply chain, adaptation and mitigation activities, including future capital investment opportunities. We have for example updated the Group Capital Investment Policy to formally integrate climate-related metrics into our investment decision criteria. In 2022, we will also plan to carry out a quantitative scenario analysis on the potential CROs identified, with a view to further integrating these findings within the assessment of our strategic resilience. This will consider the interplay of the potential material CROs identified with each other under a number of temperature scenarios and the associated potential impact.

CROs under a two-degree scenario

Under two-degree scenario models, the inherent assumption is a world taking action and, as a result, transition risks represent the greatest potential impact on Glanbia's business. Such models predict the rapid introduction of policy and regulation to drive decarbonisation, as well as technological advancements and shifting market dynamics (both upstream and downstream). In addition to these transition risks however, some physical risks are still likely to materialise due to unavoidable warming. For example, water scarcity, its severity and materiality will depend on the level of warming which is observed. Potential opportunities identified under a 2 degree scenario include: investment in operational and dairy decarbonisation, opportunities to access low carbon markets and to be at the forefront of 'climate-smart' agriculture.

CROs under a four-degree scenario

The four-degree scenario models can largely be described as a failure to act, characterised by insufficient or a distinct lack of policy and regulation to drive decarbonisation. Consequently, the transition risks associated with the shift to a low carbon economy would be unlikely to occur and physical risks are of greatest potential impact. Physical risks such as heatwaves and water scarcity have the potential to have a significant impact on our value chain especially dairy and crop production. However, there are some transition opportunities which are still likely to materialise. The high likelihood of carbon credit prices increasing would render propositions such as the creation and sale of credits from the generation and use of biogas and from sequestration of carbon in soil more attractive by leveraging Glanbia's supply chain.

Task Force on Climate-related Financial Disclosures Report continued

The 13 thematic potential CROs are summarised in the table below. The description reflects the relevant CRO prior to the consideration of any mitigation measure and may or may not arise dependant on climate action taken and the resulting impact on global temperatures.

Transition risks – Climate regulation, related carbon taxes, consumer trends and energy

Description	TCFD category	Impact
Introduction of regulations on the dairy industry in terms of greenhouse gas emissions may impact on supply chain costs. Introduction of the requirement to pay direct and indirect carbon tax, may increase operational costs. Change in demand potentially impacted by sustainable trends and requirements. Change in energy prices may increase operational costs. Deployment of assets which are potentially misaligned to the Group's long term energy plan.	Policy and Legal, Technology, Products and Services, Markets, Energy Source **CRO**[1] 1 2 3 4 5 6 **Value chain impact** Dairy Value Chain – Raw Materials Product – Distribution Production Sales	Regulations are likely to be necessary to restrict agricultural practices or introduce new regenerative practices. Additionally, potential regulation of ammonia and methane emissions from farms, which may increase agriculture and dairy procurement costs over time. Carbon taxes imposed on high-carbon products and processes may drive increases in Glanbia's operational costs. Potential change in customer or consumer demand, based on specific sustainable criteria or values, which may impact product demand. Potential for energy prices to increase, leading to increased operational costs. Potential for the deployment of assets which are misaligned to the Group's long term energy plan, leading to stranded assets or early write offs.

Physical risks – Temperature increase impacts on supply chain and production

Description	TCFD category	Impact
Assessment of prolonged temperature increases/heatwaves on the key regions of importance within the USA, from a supply chain and production perspective, taking into account: • Glanbia US milk pools; • regions of importance for crop production; • production facility locations.	Chronic/Acute **CRO**[1] 7 8 9 10 **Value chain impact** Dairy Value Chain – Raw Materials Raw Materials – Farm Inputs Product Processing	Reduction in milk yield due to long term high temperature and humidity rises. Increased cost of purchased feed by farmers in Glanbia's supply chain due to drought or higher temperature conditions negatively impacting crop yields. It is uncertain at this point to what extent costs will be passed onto Glanbia but any constraint on supply as a result of reduced yield/or increased production costs may have an upward effect on dairy procurement costs. Due to prolonged increased temperature greater likelihood of water stress for key production sites, potentially leading to increased water prices in the short to medium term and potential supply shortages which may lead to production disruptions in the longer term.

Opportunities – Decarbonisation – operations, supply chain

Description	TCFD category	Impact
Adapt to new technologies and revenue streams, such as the creation and sale of carbon credits, to improve and or diversify our production methods, product offering and access to new markets. Execute operational excellence in resource efficiency and waste reduction.	Energy Source, Products and Services, Markets, Resilience **CRO**[1] 11 12 13 **Value chain impact** Raw Materials Production Sales	With our ongoing efforts towards lowering carbon emissions within our value chain and partnering with our key suppliers, the opportunity exists to proactively respond to market and regulatory demands. This can be achieved by building a low carbon footprint into our strategic ambition, ensuring new technologies and product offerings are considered as part of our strategic plan, including future capital investment.

1 refer to page 64 for listing of individual CROs.

In recognition of the potential importance of these themes to our future strategy, we have included the possible impact of each theme on our value chain in addition to providing insights to the actions Glanbia's management is currently undertaking and also planning to undertake.

Management's response

Maintain engagement with government regulators and industry group representatives. Outside Ireland, Glanbia advocates for US dairy policy as members of the International Dairy Foods Association and the National Milk Producers Federation.

In 2022, we will execute an on-farm project to analyse on-farm data, identify opportunities for carbon reduction and partner with farmers to pilot activation for direct procurement. For milk sourced by our joint ventures, we will work with our partners to understand their ambition and share best practice.

Glanbia demonstrates its thought leadership in the US:
- as a member of the US Dairy Sustainability Alliance;
- through the Dairy Stewardship Commitment;
- through representation on the Innovation Center for US Dairy's Environmental Stewardship Committee which drives the Net Zero Initiative; and
- locally in Idaho (key dairy supply base) through active membership in various regional groups and through our investment in on-farm resources.

We engage with trusted external consultants and advisors for counsel on proposed and developing regulations, in order to anticipate and understand the regulatory requirements and impact.

Glanbia holds a strong brand portfolio with a loyal customer base. We closely monitor consumer preferences and consumption trends which directly informs our strategy.

Energy related CROs are addressed within the 'Opportunities', 'Management's response' row below.

Management's response

Commitment to achieving and showing progress against our validated Science Based Targets initiative (SBTi) targets for our operations and dairy supply chain carbon emissions. Continue to work closely with our supplier base and industry bodies.

Glanbia demonstrates its commitment to reducing on-farm impact by being a member of the US Dairy Stewardship Commitment, to the US dairy initiative for net zero emissions by 2050, known as the Net Zero Initiative (NZI).

NZI focuses on feed production, cow care, energy efficiency and manure management – which together represent the total footprint of a farm.

Engagement with our suppliers: 100% of our Idaho supply base are enrolled in the FARM Environmental Stewardship (ES) programme, which provides tools and resources for US dairy farmers to measure and improve their carbon footprint.

Conducted a Water Risk Assessment using the World Resource Institute Aqueduct 3.0 mapping tool. In 2022, we plan to use on-site water audits to identify a list of priority actions with associated timelines assigned.

Management's response

Continue to include and expand carbon reduction metrics, including stretch targets, within the senior leadership remuneration plan, across Scope 1, 2 and 3 emissions.

Develop action plans from the extensive energy audits conducted in 2021 to inform a register of energy efficiency and carbon reducing priorities. This is also a key mitigating measure to reduce the impact of potential energy price increases.

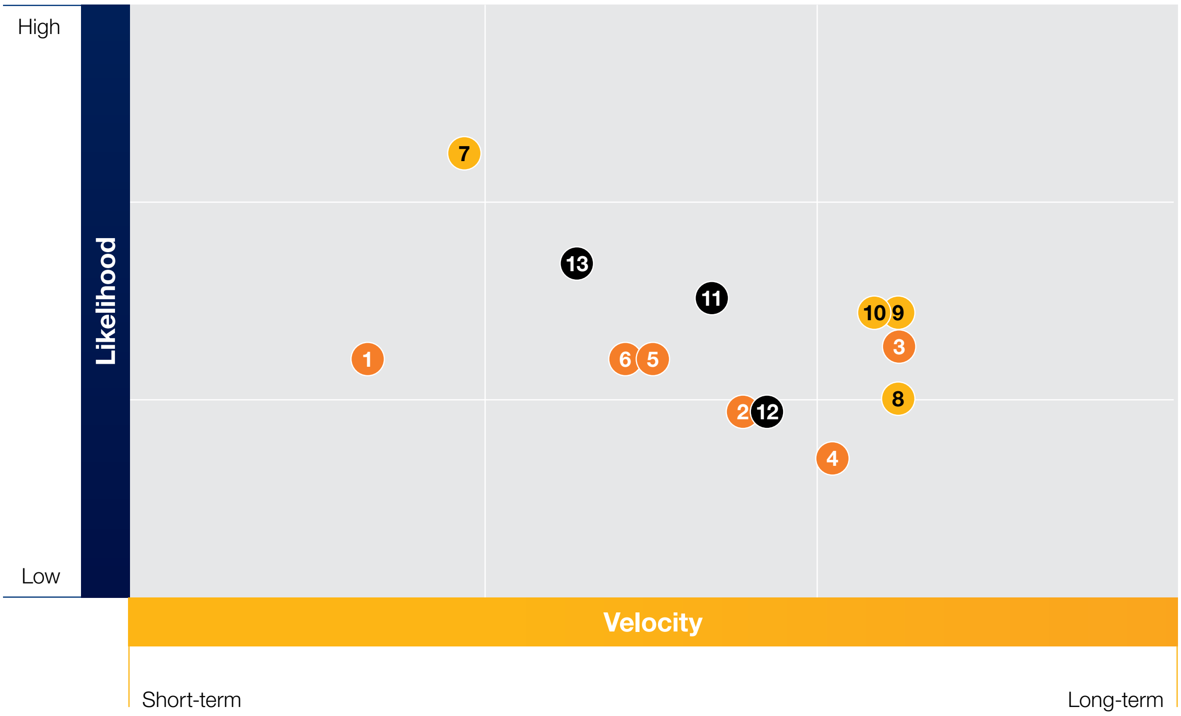
Updated the Group Capital Investment Policy to formally integrate climate-related metrics into our investment decision criteria. This formal lens reduces the risk of misaligned capital investment.

Further integration of climate-related data into long term strategic decision making, by reviewing progress against commitments and targeting plans which maximise climate impact reduction measures, the status of which will continue to be presented to the ESG Committee and Board on a regular basis.

Leverage our existing innovation pipeline structure to focus on innovations with a sustainability focus, such as increasing packaging recycling and reusability of products produced and expanding our product offerings. This ensures we are correctly positioned to anticipate and meet customer and consumer requirements.

Task Force on Climate-related Financial Disclosures Report continued

The below diagram illustrates the 13 CROs identified following the climate change risk assessment process facilitated by The Carbon Trust and discussed in the 'Risk management' section on the next page. As already referenced, the CROs are listed prior to the consideration of mitigation measures. This CRO identification process is regarded as the first step, with further detailed scenario and quantification analysis required which includes incorporation of the mitigations in place or planned for implementation on the residual impact of the CROs identified. Following this exercise it is likely that the CRO listing below will be further refined in 2022.



Transition risk

1. Direct and indirect carbon taxes
2. Sustainable trends in consumer demand
3. Energy prices
4. Change in dairy market consumption
5. Climate regulation on dairy
6. Misaligned capital expenditure allocation

Physical risk

7. Water scarcity related production disruption
8. Impact on dairy production from increased temperatures
9. Impact on crop production from increased temperatures
10. Heatwave impact on dairy productivity

Opportunity

11. Investment in operational decarbonisation
12. Investment in dairy decarbonisation
13. Access to new low carbon markets

Velocity: relevant speed of CRO impact

Time Horizon	Period
Short-term	Before 2025
Medium-term	Between 2025 - 2030
Long-term	Beyond 2030

Likelihood: relative probability of CRO taking place

Level	Requirements
H	Highly consistent outcome under all scenarios
M	Greater change in outcome under respective stress scenarios, but trends are directionally the same
L	Outcome only expected under stress scenarios

Risk management

In order to determine our CROs the following approach was adopted:

1. **Identification Phase:** Identified and categorised a comprehensive list of individual CROs, including consideration of emerging regulatory requirements related to climate change (and assessed each by assigning an initial set of criteria, including materiality, likelihood and velocity). Other criteria considered for comparability were TCFD category, root cause, relevant business unit, value driver impacted (e.g. revenue, costs, etc.), and value chain stage impacted (e.g. raw materials, processing, sales, etc.), to enable effective comparability.
2. **Prioritisation Phase:** Prioritised the CROs using an evidence-based methodological approach to assess the CROs, based on analysis of third party scenarios (as outlined within the next paragraph) and Glanbia's financial data to assess the likelihood, velocity and materiality of each CRO.

In line with the Group's risk management framework, the CROs were assessed for likelihood, velocity and materiality (impact) drawing on the most recent climate models, desk-based research, including the International Energy Agency, the International Institute for Applied Systems Analysis, Shared Socioeconomic Pathways, the World Economic Forum, the World Resources Institute and KNMI climate change Atlas (CMIP5 ensemble), and Glanbia's financial forecasts, strategic planning and risk management processes. Necessary deviations from the standard risk management framework are discussed on page 69.

The materiality assessment contributed towards identifying the most relevant CROs to Glanbia prior to the consideration of mitigating measures, where each CRO was assessed independently of each other on an annualised basis, rather than through detailed scenario or quantification analysis. Given these limitations, the materiality assessment was used to assist in the identification of the CROs but is not used to compare those CROs against each other.

The identification of climate change as a principal risk is underpinned by our Group Risk Management Framework, used to identify, assess, prioritise, manage, monitor and report risks. This process, which is described on pages 67-73 within the 'Risk management' section of the Strategic Report, integrates the output from the CRO identification process through the Group risk register and also documents the identified Group-wide controls and actions to mitigate against the climate change principal risk. Within the Strategy section of this report, page 63 outlines the key mitigations and or planned actions to address the CROs identified.

Metrics and targets

As part of our 'Pure Food + Pure Planet' sustainability strategy we have set specific targets across three key pillars, Carbon, Waste and Water. Refer to pages 54-58 within our Environment section for details on these targets and progress to date, including details of the carbon reduction measures within our value chain, across our Scope 1, 2 and 3 emissions.

Focus for 2022

Glanbia commits to building on the progress achieved in 2021 in relation to our climate change impact. Our strategy outlines our fundamental commitments to reduce carbon emissions. The results of these commitments are externally validated by the Science Based Targets initiative (SBTi) and our performance is benchmarked by the Carbon Disclosure Project (CDP). We have developed strong partnerships with our dairy supply base within the US and we will build on the programmes developed including the US Dairy NZI.

We are also very aware of the impact that climate change may have on us as an organisation. The CRO identification process is an invaluable tool for us to identify the inherent risks that Glanbia faces. Following quantification and scenario analysis in 2022, Glanbia is committed to identifying, prioritising and further embedding the appropriate mitigating actions within our strategy to ensure we address the assessed material climate-related risks, ensuring we build out our existing metrics to monitor and assess those risks and focus on maximising the climate-related opportunities within our business model.

Task Force on Climate-related Financial Disclosures Report continued

Location of TCFD aligned disclosures within the Annual Report

Governance: Disclose the Company's governance around climate-related risks and opportunities		See page(s)
a) Describe the Board's oversight of climate-related risks and opportunities	ESG Committee Report Audit Committee Report Corporate Governance Report Group Chairman's Statement Within TCFD report	**109-111** **103-108** **91** **5** **61**
b) Describe management's role in identifying, assessing and managing climate-related risks and opportunities	Group Managing Director's Review Risk management Within TCFD report	**6-7** **67-68** **61**

Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's business, strategy and financial planning where material		See page(s)
a) Describe the climate-related risks and opportunities that the organisation has identified over the short, medium and long term	Our material topics Principal risks and uncertainties Within TCFD report	**24** **72-73** **61-64**
b) Describe the impact of climate-related risk and opportunities on the Company's business, strategy and financial planning[1]	Within TCFD report	**61-64**
c) Describe the resilience of the organisation's strategy considering different climate-related scenarios, including a two-degree or lower scenario[1]	Within TCFD report	**61**

Risk management: Disclose how the Company identifies, assesses and manages climate-related risks and opportunities		See page(s)
a) Describe the Company's process for identifying and assessing climate-related risks and opportunities	Risk management Within TCFD report	**67-70** **65**
b) Describe the Company's process for managing climate-related risks and opportunities	Risk management Principal risks and uncertainties Within TCFD report	**67-70** **72-73** **62-63, 65**
c) Describe how these processes are integrated into the overall risk management programme	Risk management Principal risks and uncertainties Within TCFD report	**67-70** **72-73** **65**

Metrics and targets: Disclose the metrics and targets used to assess and manage climate-related risks and opportunities		See page(s)
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process[2]	Environment section Within TCFD report	**54-58** **65**
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Environment section	**54, 57-58**
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets[2]	Environment section	**54-57**

1 In the context of this being Glanbia's first TCFD report, in 2021 we identified the inherent CROs for the business, for 2022 we will build upon our analytical and modelling capabilities by executing financial quantification and related scenario analysis to address part b (financial planning) and part c requirements of the 'Strategy' pillar.

2 While Glanbia has a number of key metrics and targets in place to manage the CROs identified, this will be built upon following completion of further CRO analysis in 2022 to further address part a and c of the 'Metrics and Targets' pillar.

Risk management

OUR RISK MANAGEMENT FRAMEWORK AND CULTURE, **SUPPORT OUR RISK RESILIENCE AND ADAPTABILITY**

Managing our risks

The past year has continued to be challenging for organisations globally as further waves of Covid-19 impacted multiple geographic regions at varying levels of severity. While the Group remains vigilant to the continued volatile and disruptive potential of the pandemic, plants across the Group have operated well throughout 2021 responding swiftly to Covid-19 related risk items and to the strong demand dynamics across both GPN and GN.

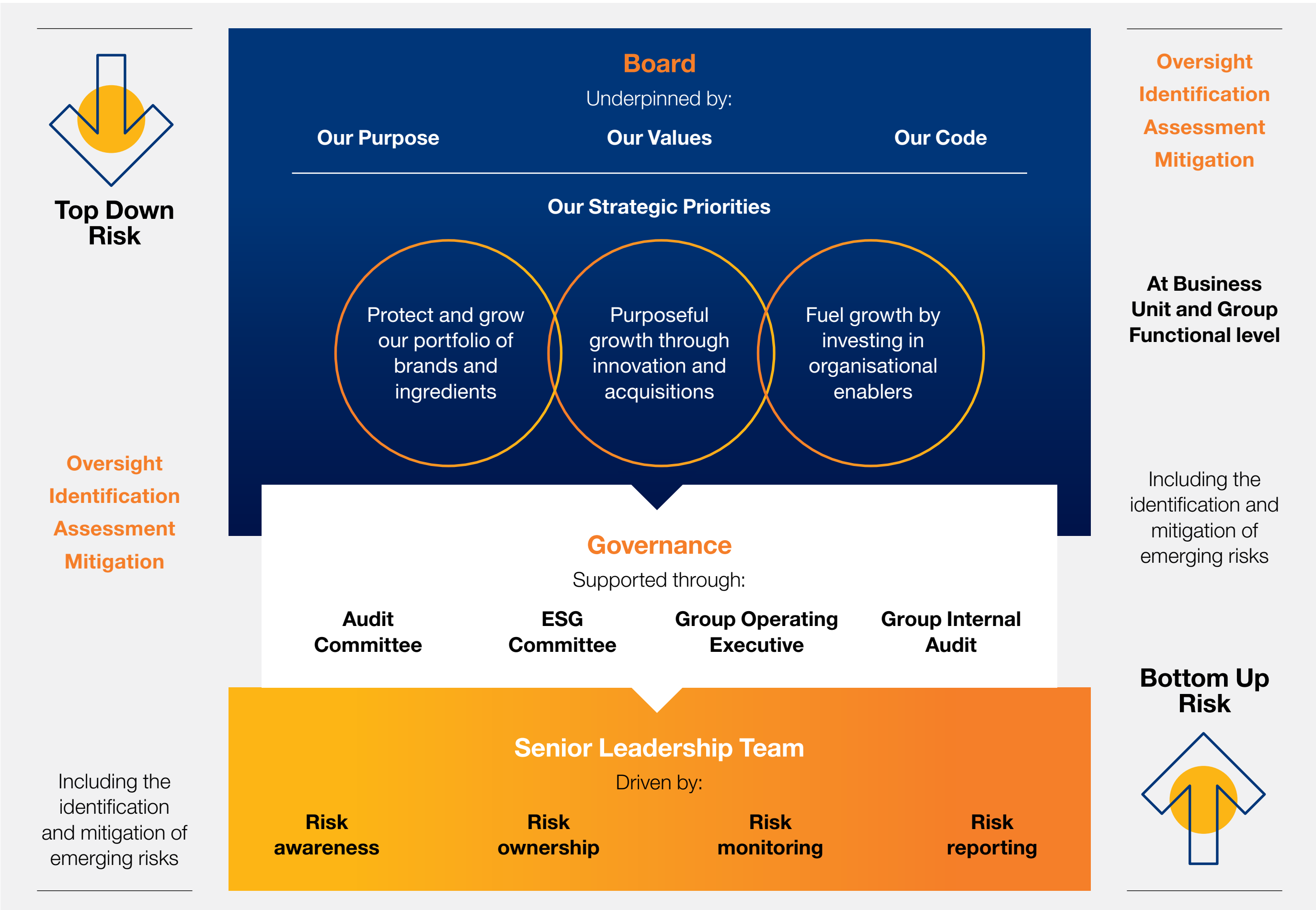
Covid-19

The impact of Covid-19 variants on the business is explained in various sections 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 below disclosures to provide an overall understanding of the risks, economic uncertainties and challenges which will continue in 2022.

The Omicron variant, while more transmissible, is milder than previous variants and this, in combination with the continuing global vaccination and booster campaign rollouts, is gradually weakening the economic impacts of Covid-19. The Group's focus in 2022 includes, ensuring strict compliance with safety policies for our frontline workers, the phased implementation of the Group's comprehensive return to office plans and the continued monitoring of our risk environment for any significant changes that may impact the delivery of the Group's strategic objectives.

Our risk management framework

The Group encounters risk every day in the pursuit of its strategic priorities. Our risk management framework is designed to ensure that risk management is embedded into our culture, policies and practices. There is input across all levels of the business to enable the Group to remain responsive to the ever-changing operating environment, including the ongoing impact of Covid-19 which is a factor in almost all risks to some extent. An overview of the Group's risk management and internal control framework is outlined in the diagram below.



Risk management continued

Risk oversight

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. In 2021, the Board and the Audit Committee reviewed and approved the overarching Group risk appetite statement and a number of the individual risk appetite statements for the Group's principal risks. These risk appetite statements seek to implement a balanced approach to risk, embracing risk in areas in which management has the appropriate skills, knowledge and experience to take advantage of the opportunities presented, whilst limiting risk in other areas.

As part of the annual Group strategy process, the Board conducted a detailed assessment of the impact of the Group's principal risks, including emerging risks. This was designed to ensure that the Board understands both the key risks existing within the business and newly emerging risks, together with the methods employed to manage these risks. The focus during such reviews is to ensure that the Group's residual risk position is within the Group's risk appetite. 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. In 2021, we held 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 72 to 75, effectively describe the nature and extent of the Group's principal risks. The Board is satisfied that its risk management systems and internal control processes are effective. However, as with all practices, a mindset 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 70 and 71.

Audit Committee

The Audit Committee on behalf of the Board, has responsibility for monitoring the Group's systems of risk management and internal control including the review of their effectiveness.

In 2021 and early 2022, to ensure that appropriate measures are in place to validate the strength of internal controls and risk mitigation and to continue to develop a deeper awareness and insight into the Group's principal risks, the Audit Committee received 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, Legal, 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.

Group Operating Executive

The Group Operating Executive forum as outlined in the Corporate Governance Report on page 96 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. The Group Operating Executive aims to ensure that the risk management process supports the delivery of the Group's strategy by managing the risks impacting the Group's ability to achieve business objectives.

Environmental, Social and Governance (ESG) Committee

The ESG Committee, established in 2021, supports the Group's ongoing commitment to environmental, corporate social responsibility and corporate governance matters. This Committee is responsible for monitoring and reviewing current and emerging ESG trends, relevant international standards and legislative requirements and identifying how these are likely to impact the strategy, operations, and reputation of the Group. The Committee, in conjunction with the Group Operating Executive, is also responsible for assessing the effectiveness of the Group's policies, programmes, practices and systems for:

a) Identifying, managing and mitigating or eliminating ESG risks in connection with the Group's operations and corporate activity; and
b) Ensuring compliance with relevant legal and regulatory requirements and industry standards and guidelines applicable to ESG matters.

Risk reporting

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;
- A summary of management action plans (MAPs) to manage significant risk exposures; and
- An overview of broader organisational, business and emerging risks.

The Audit Committee and Board perform bi-annual reviews of these reports, with interim updates received from management as required.

Group Senior Leadership Team (SLT)

The identification of risk is based on a Group-wide approach. 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 in accordance with 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 assessment 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 management action plans 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 financial and operational performance, including detailed finance, capex planning and expenditure reviews;
- KPI tracking of health & safety and environmental reporting within the Group's environmental management system;
- 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.

Climate Risk and Opportunities

In line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) reporting requirements, the Group has considered climate related impacts within the organisation under the pillars of Governance, Strategy, Risk Management and Metrics and Targets as outlined on pages 61 to 66.

The Group engaged The Carbon Trust, an independent sustainability consultant, to conduct a comprehensive climate change risk assessment on the parts of the business over which Glanbia has operational control, to better understand the potential impacts from physical climate risks largely associated with a failure to act, and the potential transition risks associated with the transition to a decarbonised economy as detailed on pages 61 to 66. From this exercise 13 thematic climate-related risks and opportunities (CROs) were shortlisted.

The CROs were then assessed for likelihood, velocity and materiality (impact), in line with the Group's risk management framework with the following threshold deviations:

- The time horizon applied to velocity was short term before 2025, medium term between 2025-2030 and long term beyond 2030 as opposed to the Group approved thresholds which assess velocity as very rapid if the impact of the risk is felt within 1 month, rapid if within 1 quarter and slow if it extends beyond 1 quarter.
- Likelihood: Under the CRO assessment, this is based upon the certainty of outcome across the different climate scenarios analysed, to consider the degree to which directionally and the rate of change is consistent or divergent. Where there is a highly consistent outcome under all scenarios, the relevant CRO is categorised with a higher likelihood and conversely, where the outcome is only expected under stress scenarios the CRO is categorised with a lower likelihood. The standard Group approach to likelihood is measured as a percentage of possible occurrence over a three year period in line with the Group's strategic plan.
- Risk type: The CROs identified within the TCFD report on pages 61 to 66 represent inherent risk, prior to the assessment of mitigating actions. The Group's principal risks and uncertainties are reported on a residual risk basis having due consideration for mitigating actions.

The Directors consider these deviations from the standard risk framework to be acceptable given the nature of the specific risk.

As outlined on page 70, the previously reported Climate Change principal risk has moved from Emerging to Strategic/External in nature. The controls for this principal risk are aligned with our strategy and regulatory framework requirements. They include controls relating to governance, leadership and climate adaptation. Climate change risk controls are considered throughout other relevant risks including: Economic, Industry and Political; Market Disruption and Acquisition/Integration.

In 2022, we will complete scenario and quantification analysis which will consider available mitigation measures and the interplay of the material CROs identified with each other under a number of temperature scenarios and the associated potential impact, including taking into consideration a two-degree or lower scenario.

Glanbia has a continuing engagement with The Carbon Trust who provide technical expertise on the Group's carbon footprint mapping, and identification of key carbon reduction projects. The Group plans to continue to work with them to inform its strategic planning and project prioritisation going forward.

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 67 to 69.

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 2021, these discussions included an in-depth consideration of the consequences of the ongoing evolution of Covid-19 variants on many of the underlying principal risks being faced by the business, the impacts of which are varied and have changed as the impact of Covid-19 has ebbed and flowed throughout the year. The disclosures on pages 167 and 168 consider the financial statement impacts of Covid-19.

Risk management continued

Strategic/External Mainly external risks associated with our operating environment	Technological The systems we use to drive the business and the data they hold	Operational/Regulatory The people and processes we use to power our business model	Financial Our financial status and internal controls
Economic, Industry and Political (Increasing)	Digital Transformation (Stable)	Talent Management (Increasing)	Taxation Changes (Stable)
Market Disruption (Stable)	Cyber Security and Data Protection (Increasing)	Health and Safety (Stable)	
Customer Concentration (Stable)		Supply Chain (Increasing)	
Climate Change (Increasing)		Product Safety and Compliance (Stable)	
		Acquisition/Integration (Stable)	

Risk trend: Increasing · Stable · Decreasing

Changes to risks in the year

The Directors have considered the Group's principal risks and uncertainties and have determined that the risks and uncertainties reported in Glanbia plc's 2020 Annual Report still remain relevant, with no new principal risks identified. Some fluctuation in risk trends did arise in 2021 including:

- The risk trend for market disruption risk reduced from increasing to stable during the year due to the pace of the Covid-19 vaccination rollout and the resulting benefits to consumer mobility and the ability of businesses to reopen.
- The supply chain risk trend has increased from stable to increasing as global activity has increased supply chain pressures and inflation has created headwinds across the business into 2022.
- Economic, industry and political, climate change, talent management, and cyber security and data protection risks continue to trend upwards.
- The previously reported climate change risk has moved from the Emerging to Strategic/External category. This is due to the increasing importance of this risk on the Group's strategy and the continuing efforts being applied at a Group level in this area.

Principal risks and uncertainties

The key risk factors and uncertainties with the potential to impact on the Group's financial performance in 2022 include:

- Economic, Industry and Political risk – continues to increase primarily due to the significant inflationary pressures across the global economy and the geo-political risks associated with the escalating conflict between Russia and the Ukraine.
- Market disruption risk – the risk of further waves of Covid-19 may disrupt markets re-opening fully, and remaining open, in 2022 and delay markets returning to pre-Covid-19 levels particularly in the GPN International markets, distributor networks and/or the specialty channel. Price increases driven by input cost inflation may also disrupt demand.
- 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.
- Supply chain risk – Glanbia is actively monitoring a number of supply chain and inflationary pressures including:
  - The overall impact on margins of movements in dairy pricing, particularly in whey markets, which experienced significant price increases in 2021 and are expected to continue throughout the majority of 2022. This has resulted in price increases to offset some of the increased input costs and further increases may be required in 2022. Any further price increases will be managed against the Group's ambition to continue to drive revenue growth;
  - The ability of governments and medical agencies to suppress the spread of the Covid-19 virus. This 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 our international sales channels. The Group is holding appropriate safety stocks for core raw materials, however a prolonged impact to supply chains would have negative consequences from both a supply and pricing perspective; and
  - Labour markets are competitive, particularly in the US, and plants are operating at a high capacity. Labour inflation, together with global supply chain cost increases in transport, logistics and containers, is putting supply chains under pressure and these risks will continue to require careful navigation in 2022.
- 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. A wide range of additional measures and mitigations have been introduced as a result of the Covid-19 pandemic which build on the existing strong controls across the Group.

The Group actively manages these and all other risks, inclusive of 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 75. After due consideration and review, 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 of accounting in preparing its Financial Statements. In reaching this conclusion the Directors have given 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 44 to 49;
- 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, the recoverability of trade receivables, inventory and other assets as outlined in Note 2 to the Financial Statements.

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 2024. 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 2021. 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

- A team of talented and committed people, focused on the delivery of Group targets in line with our Group purpose, vision and values.
- Strong market positions in the wholly-owned segments GPN and GN and robust joint venture business models.
- Global market trends in human nutrition continue to strengthen and will underpin the execution of the Group's strategic ambition.
- Key long-term customer relationships, brands with strong equity and leadership positions in ingredients.
- GPN transformation programme delivered margin improvements in 2021 which will be further enhanced in 2022.
- Recent acquisitions including PacMoore and the 60% stake in LevlUp performing well.
- Completion of a share buyback programme of €50 million launched in November 2020. Two further programmes, also of €50 million each launched in 2021, one of which continued into 2022. These programmes support the Board's confidence in the strength of the Group's financial position.
- Net debt at year end increased by €108.8 million versus the prior year, primarily due to the Group's acquisition activity and the execution of the Group's share buyback programmes. The net debt to adjusted EBITDA ratio remained low at 1.71 times with continuing strong cash generation.

See the Finance Director's review on pages 44 to 49 for more detail.

(b) The Group's strategy and business model

- The Group's strategic focus is on global nutrition via its platforms, Glanbia Performance Nutrition (GPN) and Glanbia Nutritionals (GN), and through strategic joint ventures.
- Clearly articulated business model with well-defined Group growth targets focused on building GPN top line growth and driving earnings to 2024 from GPN and Nutritional Solutions (NS).
- The Group have signed a legal binding agreement to dispose of its 40% interest in Glanbia Ireland for €307 million.
- Clear focus and prioritisation on the development of talent which remains central to our strategy as outlined in the Our People section on pages 20 and 21.
- The Group continues to invest for growth, with all key strategic capital expenditure projects on track and the acquisitions of LevlUp and PacMoore closing in the second and third quarters respectively.
- Customer demand has sustained in GPN following the quarter four price increases.
- Volume growth and cost benefits from the GPN transformation project are expected to mitigate the impact of inflation during 2022.
- Ambition to grow through both organic investment and acquisition activity within a framework of clear capital allocation priorities.

See the Group's business model on pages 10 and 11 and strategy on pages 12 to 17 for more detail.

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

See pages 72 to 75 for a detailed description of each of the Group's principal risks, including climate change risk, related mitigation measures and 2022 focus areas.

Assessment of viability

The Directors' assessment of the Group's viability has been made with reference to the 2021 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 67 to 75. The Directors carried out a robust assessment of the consolidated financial forecast for the current year and financial projections for future years to 2024 during its strategy and budget review session in December 2021 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 are comprised 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 of 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 72 to 75, could materially impact the Group's performance, solvency or liquidity.
- The impact of climate change on the Financial Statements as outlined in Note 2. The assessment concluded that climate change is not expected to have a material impact on the viability of the Group in the short term. Further detailed scenario and quantification analysis on the CROs in the TCFD report will be examined in 2022.

These considerations include external factors such as the impacts of the expected high levels of inflation, lower economic growth, particularly in our key areas of operation; the 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 2021 and those 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 Covid-19 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 2024, 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 and the expected proceeds from the disposal of the Group's 40% interest in Glanbia Ireland, sufficient distributable reserves are available to maintain the execution of the share buyback programme which commenced in December 2021 and continued into 2022.

Principal risks and uncertainties

Link to strategic priorities (see pages 12 to 17)

- Protect and grow our portfolio of brands and ingredients
- Purposeful growth through innovation and acquisitions
- Fuel growth by investing in organisational 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 business interruption. Continued inflationary pressures above expectations may disrupt demand due to consumer price elasticity. 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 address the spread of new variants, including Omicron. While these actions may lead to some further business interruption the position is stabilising as has the general political landscape. 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, such as the GPN transformation project, are 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 at varying stages during the pandemic. Consumer spending habits have also altered as a result of a changed way of working / living through the pandemic. Failing to recognise or obtain accurate and relevant competitive and environmental intelligence may result in the adoption of incorrect business strategies.	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. 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. Continued strong execution of the Glanbia Nutritionals commercial team one face to the customer approach. The Board regularly reviews its exposure, including credit exposure, to individual customers and considers the impact of acquisitions where relevant.
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 environmental 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: • A Board approved strategy is in place to accelerate our climate change commitments, targeting decarbonisation in our operations and supply chain and addressing our most material sustainability focus areas. • The Group-wide sustainability programme focuses on building a strong culture, systems and governance model to oversee progress. • We have expanded our climate change reporting to include the use of the Task Force on Climate-Related Financial Disclosures (TCFD) framework.
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 to ensure a leading eCommerce platform and market-leading technologies have been deployed to drive growth across the eCommerce landscape. Executive commitment to ensure 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. It could also result in significant negative impacts to our operational capabilities.	Dedicated Group IT Security team in place to manage IT risks. Regular security scanning across all eCommerce sites with penetration testing completed on all new sites. 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 with oversight by the Group Data Protection Committee. Systems in place, including ongoing audit activities, to monitor compliance with relevant privacy laws and regulations.

Risk trend Increasing Stable **Decreasing**

Developments in 2021	2022 focus areas
The macroeconomic environment faced headwinds particularly in relation to cost inflation, developments in global trade uncertainty and currency fluctuations which the Group will continue to navigate and mitigate where possible. Significant actions to mitigate cost inflation were implemented across a range of initiatives including pricing, revenue growth management and efficiency programmes. The evolution of the Covid-19 pandemic and the restrictions implemented by governments in the countries in which the Group operates continued to disrupt business activities, supply chains and employees at varying levels across 2021. The Group maintained its focus on protecting employees, continuing food supply and maintaining our strong financial position, throughout the year.	The macroeconomic environment will remain under continued focus throughout 2022 to ensure mitigating actions to combat cost inflation impacts are assessed and implemented where appropriate. The continued successful progression of the GPN transformation objectives and the careful management of price increases where required to address inflationary challenges will be a core area of management focus. Aside from the impact of the pandemic and inflationary concerns on the global economy, the geo-political climate has also deteriorated with significant concerns developing regarding the escalating conflict between Russia and the Ukraine in particular, and also with regard to the Chinese claims on Taiwan.
The continued successful implementation of the GPN transformation project objectives and strong performance by GN and our joint ventures demonstrated the resilience of our business and our people. Marketing spend has been focused on the areas/brands where recovery momentum is strong. Covid-19 restrictions continued to be disruptive in 2021 with the arrival of the Omicron variant impacting the ability of markets to fully re-open.	The impact of increasing inflationary pressures, supply chain volatility and labour shortages which have been mitigated by price increases will continue to be closely monitored in 2022. The continued successful implementation of the GPN transformation project objectives will be integral to our growth ambitions. 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 remain open throughout 2022.
The impacts of channel shifts by consumers and the financial strength of our customer base is continually assessed. In 2021, the impact of the pandemic continued to cause disruption in the market with a continuing increase in the level of online purchasing. The Board carefully monitored credit exposures in 2021 as customers recovered from 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 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.
A new ESG Board subcommittee was formed and a member of the Group Operating Executive was appointed to oversee the delivery of the Group's agenda on environmental, sustainability and governance topics going forward. A 2030 Group sustainability strategy branded 'Pure Food + Pure Planet' was reviewed and approved by the Group Operating Executive and Board in January 2021 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 ESG framework. The Group is implementing the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD), as outlined on pages 61 to 66.	The Board will receive regular updates from the ESG Committee on environment related risks and opportunities and will work to integrate climate related impacts within our governance, operational and strategic model, particularly with regard to investment in energy efficiency advancements, carbon reduction and emission management programmes. The ESG Committee, will focus on monitoring the effectiveness of the environment metrics and regulatory disclosure requirements in assessing performance indicators.
Completion of the remaining elements of the phased migration to our preferred eCommerce platform. Closure of legacy websites where appropriate and continued focus on ensuring eCommerce projects support business growth in direct-to-consumer (D2C) and increased online shopping trends. Fraud and cyber security exercises completed with vulnerability scans implemented across all eCommerce sites.	Evaluate additional opportunities to leverage the D2C platform across GPN and execute where the opportunity matches the brand strategy. Continue to execute fraud and cyber security reviews and vulnerability scans across all eCommerce sites.
Significant development of control processes to limit the risk of system intrusion and/or data loss with a particular focus on regulatory compliance. Continued progress on the effective integration of our IT systems and related Group monitoring controls within our recent acquisitions. Evolved security and data privacy programmes to address new threats, hybrid working models and increasing regulatory requirements.	Continue to enhance existing incident response processes from the system recovery simulation exercise learnings. 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 12 to 17)

Protect and grow our portfolio of brands and ingredients

Purposeful growth through innovation and acquisitions

Fuel growth by investing in organisational 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, 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.	ESG Board subcommittee formed and a member of the Group Operating Executive appointed to oversee Health & Safety related performance previously covered in other forums. The Group Operating Executive will also continue to monitor progress against our key health and safety, food safety and quality and environmental objectives. This review is focused on ensuring 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 Covid-19 resulting in prolonged supply chain disruptions and related inflationary impacts.**	The Covid-19 crisis could result in supply chain constraints, inflationary impacts 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 global reporting tool and core Glanbia Quality Standards (GQS)/KPIs are embedded across the Group. Considerable focus on ensuring suitably qualified and experienced staff are employed within the Group. Ensuring new regulatory requirements and emerging issues are captured with appropriate team training. 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. Chief Corporate Development Officer appointed to the Group Operating Executive to oversee acquisition and divestiture related activity. 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.
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. The Audit Committee is routinely updated on the outcome of tax authority reviews. No material issues arose in any such reviews in recent years.

Risk trend Increasing Stable Decreasing

Developments in 2021	2022 focus areas
Protecting our employees continued to be a core focus of our Covid-19 business continuity plans which was recognised in our employee engagement survey results. Remote working continued to be supported where possible, and new smart working hybrid models were developed for when workplaces re-open to all employees. The Board monitored the implementation of the Group's diversity strategy and metrics across the organisation, including our new acquisitions and new geographies. ESG metrics continue to be incorporated in executive remuneration to accelerate the implementation of the Group's strategy.	Retaining focus on the protection of our employees by sustaining control procedures and employee communications throughout the pandemic in line with local restrictions and Group policies. Continuing execution of our people strategy which aims to sustain a high-performing, values driven and respectful culture with a diversity and inclusion focus. Monitoring the evolving talent retention risks driven by inflationary pressures and remote working options which have become more widespread during the pandemic. Driving the HR transformation programme implementation particularly through the global talent centre of excellence and IT platform development work.
Management controls in place to monitor the Group's business continuity plans in response to the evolving organisational needs arising from the pandemic. 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 continued across the Group to provide an additional level of support to both our frontline and remote workers. Close monitoring of our accident rates continues with a clear focus on driving effective root cause analysis across the Group. A new health and safety KPI target setting model more closely aligned to industry benchmarks with clear maturity level classifications was approved by the Audit Committee.	The Group HR and operational teams will remain focused on providing ongoing surveillance and support across the Group to maintain business continuity and employee welfare including: 1. Maintaining effective employee engagement and welfare programmes. 2. Sustaining operations in line with local geographical restrictions. 3. Ensuring clearly communicated site health and safety policies and procedures are in place. 4. Managing the timely re-opening of offices when it is safe to do so. Evolving health and safety regulatory requirements will continue to be monitored.
Cost inflation became a headwind for the Group as 2021 progressed, resulting in pricing action in both GPN and GN Nutritional Solutions (NS). 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 and corrective actions were taken where possible.	Both GPN and NS expect to mitigate inflation through further pricing actions, volume growth and the realisation of benefits from the GPN transformation programme. Continuing to monitor the potential impacts of Covid-19, 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 to ensure sustainability of supply at a level of pricing that is both commercial and competitive.
All sites achieved or maintained a globally recognised food safety certification in 2021. Significant downward trend of critical incidents continued in 2021 partly due to the effective root cause analysis and implementation of appropriate corrective and preventive actions from previous incidents. The flexibility and commitment of our people has ensured robust quality and auditing standards have been maintained, despite the complexities observed due to Covid-19.	Maintaining standards as we integrate new acquisitions and optimise our supply chain globally by encompassing a mix of owned and contract manufacturer facilities. Ensuring effective oversight of third party manufacturing qualifications and compliance with Glanbia's food safety performance standards. Tailoring business continuity plans to the evolving pandemic situation while maintaining a clear focus on protecting our employees. Working to continuously improve our operations, particularly in the servicing of higher risk product sectors, while reducing our environmental impacts in a cost effective and sustainable manner.
Signed a memorandum of understanding for the sale of Glanbia plc's shareholding in Glanbia Ireland to Glanbia Co-operative Society for €307 million. The Board considered and approved the acquisition of a 60% stake in LevlUp, a European D2C gaming nutrition brand and PacMoore, a US based ingredients solutions business. The Foodarom acquisition was effectively integrated into the Group's operations. Continued progression with the Group's strategic joint venture partners with the commissioning of the MWC-Southwest Holdings plant in Michigan, US and the on-going commissioning of the Glanbia Cheese EU plant. 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 107 and reviewed a number of post-completion reviews presented by the Group Finance Director.	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. Completion of the disposal of Glanbia plc's shareholding in Glanbia Ireland to Glanbia Co-operative Society. Acquisition integration and post-acquisition review processes will continue to be monitored through Board and/or Audit Committee reviews. 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 Audit Committee received a detailed management presentation on our tax structures and controls, the ongoing management of our current operations and evolving tax legislation including the Organisation for Economic Co-operation and Development (OECD) work on agreeing global minimum taxes. The Committee also received a presentation from our external advisors on the operating effectiveness of our systems of operation.	Management will continue to monitor developments in international tax legislation, with a focus on maintaining compliance with legislative requirements. Pro-active engagement with tax authorities in all material jurisdictions will continue where required.

Corporate Governance Report

Corporate Governance Report
Introduction from the Group Chairman

COMMITTED TO THE HIGHEST STANDARDS OF GOVERNANCE

Donard Gaynor
Group Chairman

Dear Shareholder,
On behalf of the Board, I am delighted to present the Corporate Governance Report for the year ended 1 January 2022.

2021 has been another extraordinary year, I was appointed the first independent Group Chairman on 8 October 2020 in the midst of the Covid-19 pandemic and it has been an unprecedented time in which to chair the Board and a period that has afforded me a deeper understanding of the strength of the leadership and culture within Glanbia. As the Covid-19 pandemic continued to impact society and our daily lives, I observed the power of the collective Glanbia spirit and our values being lived each day in the way we work together alongside our customers and suppliers committed to our purpose to deliver better nutrition for every step of life's journey. The Group remains vigilant to the continued unpredictable and disruptive potential of the Covid-19 pandemic.

Disposal of Glanbia plc's 40% interest in Glanbia Ireland DAC

Following many years of successful collaboration with Glanbia Co-operative Society Limited (the 'Society') as joint venture partners in Glanbia Ireland DAC ('Glanbia Ireland' or 'GI'), on 7 December 2021, the Glanbia plc Board approved the sale of Glanbia plc's 40% interest in Glanbia Ireland to the Society for a sale price of €307 million, subject to the receipt of all necessary approvals and any applicable regulatory approvals. The requisite approvals were obtained by the members of the Society and the Independent Shareholders of the Company on 17 December 2021 and 25 February 2022, respectively.

The disposal of GI represents the final stage of a transformation journey that commenced in 2012 (with the creation of GI) and will enable Glanbia plc and the Society to focus on our respective strategies positioning us well for the future. The proceeds from the sale will be re-invested behind our growth strategy to drive further growth and to return capital to shareholders. The Society will continue to hold a strategic investment in Glanbia plc.

Further details on the disposal transaction are set out on page 40.

Sustainability

During the year, we enhanced the governance of sustainability activities across the Group. We established an Environmental, Social and Governance ('ESG') Committee which I chair, and moved to include environmental targets in our remuneration metrics.

While sustainability activities are overseen by the Board, the ESG Committee introduced various governance changes to support delivery and oversight of our ambitious Group sustainability strategy which are described on pages 109 to 111.

Our commitment to delivering long-term value for our stakeholders has made Glanbia successful over many years. As the needs and priorities of our stakeholders evolve, Glanbia will continue to innovate to enable people and businesses to grow and progress. This is what makes our business truly sustainable.

Further details on our sustainability strategy can be found on pages 52 to 66 and pages 109 to 111.

Stakeholder engagement

Stakeholder engagement, and understanding the views of our stakeholders, is a core part of my role as Group Chairman and is integral to developing and delivering a successful and sustainable business strategy in a manner that meets the needs of all our stakeholders. As required by the UK Corporate Governance Code (the 'Code'), the Board ensures that Glanbia engages effectively with, and encourages participation from, its key stakeholders.

Since my appointment as Group Chairman, I have had the pleasure of proactively engaging regularly, albeit virtually (in most instances), with a significant number of our largest shareholders and other stakeholders to gain an understanding of their perspectives on Glanbia. I appreciate the time taken by stakeholders to engage on these important subjects and I remain available to discuss these matters during the course of the coming year.

Further details on how we engage with our stakeholders are set out on pages 94 and 95.

Corporate Governance Report continued
Introduction from the Group Chairman continued

Culture
The Board is cognisant of our role in promoting the Group's culture through living the Group's values and in particular ensuring that its uniqueness is safeguarded in such times of change. We are a purpose led company and the relevance of our purpose became very apparent especially during the pandemic, as an essential service delivering better nutrition for every step of life's journey. We believe in healthier lifestyles. The Board recognises that critical to our success is ensuring a culture that complements the delivery of our strategy. The 'Glanbia Way' has five global strategically important expectations within the business which are our values and these values are at the heart of our business and culture and they set us apart. Our values are set out on page 3. They are the code by which we live and breathe, shaping how we behave with each other, how we work with our partners and how we build trusted relationships with our customers, consumers and communities, and they are placed at the forefront of our decision-making and strategy development in advancing and achieving our purpose.

Our cultural climate is measured through a number of mechanisms including policy and compliance processes, internal audit and both formal and informal channels for employees to raise concerns (including our employee engagement survey and our whistleblowing programme, Speak Up, which is also available to the contractors and suppliers working with us). The Board is appraised of any material whistleblowing incidents and in my continuing role as Workforce Director, I review them on an ongoing basis throughout the year.

Diversity, Equity and Inclusion
During 2021 we accelerated our commitment to having a more diverse, equitable and inclusive working culture and approved a new Group-wide Diversity, Equity and Inclusion ('DE&I') policy and strategy aimed at embedding a more equitable culture within the organisation. This strategy and policy is 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 and commits to fostering a truly inclusive culture that rejects any forms of racism and other discrimination, where everyone feels that they belong, are valued and respected for who they are as individuals and that they have equal opportunities to thrive. Moreover to further emphasize the role of senior leadership, in this regard, the Group Operating Executive have DE&I metrics embedded in their annual incentive. We plan to cascade further in 2022 through the various leadership cadres.

For more on our DE&I policies see pages 22 to 23.

"The Board is cognisant of their role in promoting the Group's culture through living the Group's values and in particular ensuring that its uniqueness is safeguarded in such times of change."

Board composition, Board renewal and Committee changes
There were a number of changes in the composition of the Board and Committees during 2021 which are discussed in more detail in the Nomination and Governance Committee Report on pages 114 and 115.

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

1. 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. The Society and the Company formally amended their Relationship Agreement on 5 May 2021 to reflect the changes agreed on 23 February 2021, details of which are contained in the Nomination and Governance Committee Report on page 115;
2. in accordance with the amended and restated Relationship Agreement dated 5 May 2021 (the 'Relationship Agreement') between the Company and the Society, the reduction in 2021 of the number of Non-Executive Directors nominated by the Society ('Society Nominee Directors') from seven to six. Society Nominee Director, Martin Keane retired from the Board at the conclusion of the 2021 Annual General Meeting ('AGM'). On behalf of the Board, I thank Martin for his service and commitment to the Board during his tenure and particularly as former Group Chairman over the last number of years. and wish him success for the future; and
3. in line with the decision referred to in 1 above a reduction in the size of the Board from 15 to 13 in 2023.

During 2021, the Board unanimously proposed and I agreed that I will continue as Group Chairman until my successor is appointed in 2025, in order to facilitate the Board composition changes announced in February 2021, which will result in the appointment of three new Independent Non-Executive Directors together with ongoing effective Board renewal and other ongoing strategic initiatives.

On 23 February 2021, the Board approved the appointment of Paul Duffy as Independent Non-Executive Director effective 1 March 2021 returning the number of Independent Non-Executive Directors to six. Full biographical details for Paul can be found on page 82.

On 24 February 2022, Patrick Coveney informed the Board that he will step down as Non-Executive Director of Glanbia plc effective 30 March 2022. A process to identify two new Independent Non-Executive Directors is currently underway.

Additionally, in line with the Relationship Agreement referred to in 1 above Vincent Gorman, Society Nominee Director, will retire from the Board at the conclusion of the AGM on 5 May 2022.

I thank Patrick and Vincent for their commitment and valuable contributions to the Board during their tenure.

Michael Horan has been appointed to a new role of Chief Finance and Secretariat Officer of the Society effective 4 April 2022 and will step down from his role as Group Secretary and as a member of the Group Operating Executive, with effect from that date. Michael has held the position of Group Secretary since 2005 having first joined Glanbia in 1998. Michael has made an enormous contribution to the growth and development of the Group during his tenure, particularly in relation to the transformation of our Irish business where he has played a pivotal role. I wish to thank Michael for his support to me personally in my transition to the role of Group Chairman and on behalf of the Board I wish Michael all the very best in his new role and every success in the future.

As a result of Michael's move, Liam Hennigan, Group Director of Strategic Planning & Investor Relations, will take on an expanded role of Company Secretary and Head of Investor Relations for Glanbia with effect from 4 April 2022. Liam joined Glanbia in 2014 as Head of Investor Relations and later took on added responsibility for Strategic Planning. Prior to Glanbia he worked at PwC focusing on restructuring, mergers and acquisitions within the consumer sector.

The composition of the three main Board Committees were reorganised in 2021 and 2022 as set out on page 114. In addition to the new ESG Committee a new Corporate Development Committee was established on 24 February 2022 to assist the Board in assessing new corporate development opportunities. The composition of the new ESG Committee and Corporate Development Committee are set out on pages 109 and 114 respectively.

We are pleased that as at the date of this Report female Directors comprise 33.3% of our Independent of the Society Non-Executive Directors and 21.4% of our total Directors.

Board evaluation

A comprehensive and externally facilitated Board evaluation was undertaken between 2019 and 2020. This year, our Board evaluation was an internal one, led by myself. The evaluation provided the Board with the assurance that actions arising from the external evaluation, including around Board succession, were progressing well, and the Board concluded that it was operating effectively. The evaluation process also allowed the Board to identify opportunities for it to further improve its effectiveness. A full summary of the outcomes of the Board evaluation and the areas of focus that we have agreed are set out in more detail on page 100 of this Report.

Priorities for the Board and Board Committees during 2021

Audit Committee

In 2021, the Committee maintained a strong focus on its responsibilities for monitoring and reviewing the effectiveness of the Group's systems of risk management and internal controls. This included an assessment of the ongoing challenges posed by the Covid-19 pandemic and the processes in place to ensure effective oversight of environmental and other non-financial disclosures. The Committee also reviewed reports from specialist functions such as Health and Safety, Group Tax, Group IT and Group Quality and Food Safety to identify issues that may have a material impact to the Group. Following a detailed review, the Audit Committee is satisfied that the Group's risk management and internal control processes are working effectively and have not been unduly impacted by the remote working environment that remained largely in place across the Group in 2021.

Nomination and Governance Committee

During the year, the key focus of the Nomination and Governance Committee was, in accordance with the Relationship Agreement, the recruitment and selection of new Independent Non-Executive Directors which successfully resulted in the appointment of Paul Duffy to the Board effective 1 March 2021. The extension of my term of office as first Independent of the Society Group Chairman until 2025 was also a major priority for the Committee. The activities of the Nomination and Governance Committee are detailed on pages 112 to 117.

Remuneration Committee

In 2021 due to the Covid-19 pandemic, the Company deferred bringing a new Remuneration Policy to the 2021 AGM until 2022, in accordance with the European (Shareholder Rights) Regulations 2020 ('SRD II'). The Remuneration Policy review was undertaken in 2021 with a new policy proposed for 2022-2024. The Remuneration Policy 2022-2024 (the 'Policy') has required exceptional consideration and judgement by the Committee to ensure the new policy is aligned to the Group's long term strategy while simultaneously navigating a continuing period of volatility requiring dynamic performance management agility and resilience. In addition, to address new requirements under the Code and align with investor expectations the Policy is being amended to include the alignment of Executive Director pension arrangements with the wider workforce from 2023 and post-employment shareholding requirements.

The Remuneration Committee completed a shareholder consultation process and engaged with proxy advisors and their feedback is reflected in the Policy which was approved by the Board on 7 December 2021 and will be put to shareholders for their consideration at the 2022 AGM of the Company.

Looking ahead

The governance priorities for the coming year include a continued focus on maximising our growth strategy, supporting our diversity, equity and inclusion journey and strategy and specifically monitoring progress against our sustainability targets. We will also be planning our 2022 AGM and I encourage all shareholders to use their proxy vote in respect of the resolutions to be considered at the Company's 2022 AGM which will be held on 5 May 2022 at 11.00 a.m. (the location and form of the meeting will be subject to the prevailing Covid-19 restrictions but at the time of writing it is expected to be held both in person and via a virtual meeting platform). This will enable us to obtain a better understanding of your views. I also welcome questions from shareholders either via our website www.glanbia.com, by e-mail at Groupsecretary@glanbia.ie or in person at the AGM.

Good governance and a strong corporate culture are the foundations of Glanbia's purpose, vision and strategy. The Board gives careful consideration to the views of all stakeholders in its decision-making and understands the importance of clear disclosures of this and other material issues in its reporting of how governance matters contribute to the long-term success of the Company. The Corporate Governance Report is prepared on that basis. The following pages set out further detail on our Board's composition, corporate governance arrangements, processes and activities during 2021, together with our Board Committee Reports.

I would like to express my sincere thanks to the Board and on behalf of the Board to our employees, colleagues and partners worldwide, whose remarkable agility and commitment during this difficult and uncertain period has been exemplary and without whose talents we could not achieve success.

I believe that the Board is well placed to provide the strategic oversight and stewardship required to ensure that Glanbia continues to deliver long-term sustainable success. We remain committed to the execution of our long-term growth strategy and the delivery of further margin expansion, cash generation and enhanced returns for shareholders.

Donard Gaynor
Group Chairman

Corporate Governance Report continued

CORPORATE GOVERNANCE AT A GLANCE

"Our approach to corporate governance aims to preserve and strengthen stakeholder confidence in our business."

Major Board Activities

The major decisions taken by the Board and its Committees during 2021 included:

- disposal of Glanbia plc's 40% interest in Glanbia Ireland DAC;
- a number of important strategic acquisitions in Europe and North America;
- the adoption of the Group sustainability strategy;
- the establishment of an Environmental, Social and Governance ('ESG') Committee and Corporate Development Committee;
- the adoption of a Diversity, Equity and Inclusion Policy;
- succession planning and talent management;
- further share buyback programme(s) and dividend payments; and
- agreement with the Society to make further changes by 2023 to its Board representation enabling further recruitment of Independent Non-Executive Directors and advancement of the Board's diversity goals.

More details on our Board activities can be found on pages 89 to 93.

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

Corporate Governance Statement

During 2021 the Group was subject to the Irish Corporate Governance Annex (2010) and the UK Corporate Governance Code, collectively the 'Codes'. The Group has applied all the principles and complied with the detailed provisions of the Codes throughout 2021 with the exception of those set out below. 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 rationale for these departures is explained below:

Provision 11 (Composition of the Board of Directors)
The current composition of the Board reflects the relationship of the Company with the Society which is documented in the amended and restated Relationship Agreement dated 5 May 2021. 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 six (February 2021: 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 115). The Board is satisfied that the current composition and size of the Board is justified in our particular circumstances.

Provision 19 (Chairman tenure)
In accordance with the Relationship Agreement dated 2 July 2017, Donard Gaynor, an Independent Non-Executive Director, was appointed as the first Independent of the Society Group Chairman of the Company on 8 October 2020.

During 2021, the Board unanimously agreed that the Group Chairman will continue as Group Chairman until his successor is appointed in 2025 to facilitate the appointment of three new Independent Non-Executive Directors together with ongoing effective Board renewal. The Board believes that the extension of the Group Chairman's tenure beyond nine years is warranted in this particular instance to facilitate effective succession planning and the development of a diverse board.

Provisions 24 and 32 (Composition of Board Committees)
The Group Chairman (appointed on 8 October 2020) continued as a member of the Audit Committee until 20 January 2021 and remained as Chairman of the Remuneration Committee until 28 February 2021 to facilitate the completion of the 2020 year-end processes and ensure an orderly transition to the new Committee members.

Provision 36 (Post-employment shareholding policy)
Post cessation of employment shareholding guidelines are proposed as part of the 2022-2024 Remuneration Policy review.

Provision 38 (Pension Contributions)
The pension contribution rates for our two Executive Directors will be aligned with the wider Irish workforce by the end of 2022. The pension contribution rates for any future new executive directors will immediately be aligned with the wider Irish workforce.

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

Board of Directors and Senior Management

Group Chairman and Executive Directors

Donard Gaynor

Group Chairman and Non-Executive Director

Age: 65

Committee Membership

ESG NGC RC

Date of appointment
12 March 2013

Board tenure
Eight full years

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.

Mark Garvey

Group Finance Director and Executive Director

Age: 57

Date of appointment
12 November 2013

Board tenure
Eight 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.

Siobhán Talbot

Group Managing Director and Executive Director

Age: 58

Committee Membership

ESG

Date of appointment
1 July 2009

Board tenure
12 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).

Key

- AC Audit Committee
- ESG Environmental Social and Governance Committee
- NGC Nomination and Governance Committee
- RC Remuneration Committee
- Chair

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: 62

Committee Membership

AC NGC RC

Date of appointment
1 December 2014

Board tenure
Seven full years

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 2009 until 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.

Roisin Brennan
Non-Executive Director

Age: 57

Committee Membership

NGC RC

Date of appointment
1 January 2021

Board tenure
One full year

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.

Patrick Coveney
Non-Executive Director

Age: 51

Committee Membership

AC ESG

Date of appointment
30 May 2014

Board tenure
Seven full years

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 will step down as Non-Executive Director of Glanbia plc and Director and CEO of Greencore effective 30 March 2022. He will join SSP Group as Group CEO effective 31 March 2022.

Key external appointments
CEO of Greencore Group plc and Non-Executive Chairman of Core Media Group.

Paul Duffy
Non-Executive Director

Age: 56

Committee Membership

AC RC

Date of appointment
1 March 2021

Board tenure
One full year

Skills and expertise
Experienced Chairman and Chief Executive Officer with extensive knowledge of the consumer and beverage industry with significant strategic and brand experience.

Experience
Paul Duffy is a former Chairman and CEO of Pernod Ricard North America, a global leader in the Wine and Spirits industry. 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 United Kingdom 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.

Key external appointments
Non-Executive Director of W.A. Baxter & Sons.

Board of Directors and Senior Management continued

Senior Independent Director, Non-Executive Directors continued

Jane Lodge

Non-Executive Director

Age: 66

Committee Membership

AC RC

Date of appointment
1 November 2020

Board tenure
One full year

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 of FirstGroup plc, DCC plc and Bakkavor Group plc. She is a former Non-Executive Director of Devro plc, Sirius Minerals plc and Costain Group 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 of FirstGroup plc, DCC plc and Bakkavor Group plc.

Key

AC Audit Committee

ESG Environmental Social and Governance Committee

NGC Nomination and Governance Committee

RC Remuneration Committee

Chair

Corporate Governance Report continued

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: 64

Date of appointment
21 June 2018

Board tenure
Six 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: 65

Date of appointment
27 June 2013

Board tenure
Eight 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 will retire from the Board at the conclusion of the AGM on 5 May 2022.

Key external appointments
Chairman of Progressive Genetics Co-operative Society Limited.

Brendan Hayes

Non-Executive Director nominated by the Society

Age: 61

Date of appointment
2 June 2017

Board tenure
Nine 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.

John G Murphy

Non-Executive Director nominated by the Society

Age: 59

Committee Membership
ESG

Date of appointment
29 June 2010

Board tenure
11 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 has completed the University College Cork Diploma in Corporate Direction.

Key external appointments
None.

Board of Directors and Senior Management continued

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

John Murphy

Non-Executive Director nominated by the Society

Age: 62

Date of appointment
8 October 2020

Board tenure
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.

Patrick Murphy

Non-Executive Director nominated by the Society

Age: 63

Date of appointment
26 May 2011

Board 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
Patrick Murphy farms at Smithstown, Maddoxtown, Co. Kilkenny. Patrick served as Group Vice-Chairman until 8 October 2020 having served as 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.

Key

- AC Audit Committee
- ESG Environmental Social and Governance Committee
- NGC Nomination and Governance Committee
- RC Remuneration Committee
- Chair

Corporate Governance Report continued

Senior Management

Group Operating Executive

The Group Managing Director and Group Finance Director are also part of the Group Operating Executive and their biographical details are on page 81.

Ian Doyle

Chief Corporate Development Officer

Age: 44

Date of appointment
4 January 2022

Tenure
Less than one full year

Skills and expertise
A deep knowledge of international corporate finance with extensive experience negotiating and structuring complex acquisitions, divestitures, investments and partnerships.

Experience
Ian Doyle is Chief Corporate Development Officer and responsible for identifying partnership, acquisition and new business opportunities globally. Prior to joining Glanbia, he was Managing Director in the North American Consumer Retail Group of Nomura Securities with responsibility for food and beverage companies. Previously Ian was based in London and was part of Lehman Brothers' European investment banking business. He holds a degree in Business Studies and German from Trinity College Dublin.

Key external appointments
None.

Hugh McGuire

CEO Glanbia Performance Nutrition

Age: 51

Date of appointment
1 June 2013

Tenure
Eight 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 Horan

Group Secretary

Age: 57

Date of appointment
9 June 2005

Tenure
16 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.

Michael Patten

Chief ESG & Corporate Affairs Officer

Age: 59

Date of appointment
11 December 2014

Tenure
Seven 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 Chief Environmental Social Governance ("ESG") & Corporate Affairs Officer and has responsibility for the development and implementation of our ESG strategy, 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 is currently a Non-Executive Director of the Irish Management Institute (IMI). 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.

Senior Management continued
Group Operating Executive continued

Brian Phelan
CEO Glanbia Nutritionals

Age: 55

Date of appointment
1 January 2004

Tenure
18 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.

Sue Sweem
Chief Human Resources Officer

Age: 58

Date of appointment
1 December 2021

Tenure
Less than one full year

Skills and expertise
A deep knowledge of global human resources management with expertise in organisation development shaping the culture and capabilities of the business, and supporting the integration of acquisitions.

Experience
Sue Sweem is Chief Human Resources Officer and has responsibility for the strategic leadership of Group Human Resources. Previously, she was Chief People Officer for Glanbia Performance Nutrition (GPN) from 2015 to 2021 and held other HR positions in GPN since joining in 2012. Prior to joining Glanbia, Sue was a HR Director at Walgreens and gained international experience while serving as Head of HR in the US for AkzoNobel, a global company based in The Netherlands. Sue holds a PhD in Organization Development from Benedictine University, a Master's degree in HR & Industrial Relations from Loyola University and a BS in Sociology from Iowa State University.

Key external appointments
None.

Key

- AC Audit Committee
- ESG Environmental Social and Governance Committee
- NGC Nomination and Governance Committee
- RC Remuneration Committee
- Chair

Corporate Governance Report continued
Board leadership and company purpose

Board leadership during Covid-19

Early monitoring and preparation

Covid-19 was identified in early 2020 and continued into 2021 as an impending risk with the potential to be a significant disruptor to the Group. During 2021, the Board kept its Group Covid-19 contingency plans under regular review and Covid-19 continued to be a key agenda item at Board meetings in order to provide the required oversight and leadership.

Clear and proactive communication with stakeholders

During times of uncertainty, clear and proactive communication is essential to provide support and relief. We detail on pages 94 and 95 how the Group proactively engaged with stakeholders during 2021.

Preparation for the future

Covid-19 continues to have an impact on global economies and society. The Board has considered the long-term implications on our business.

Feedback and reflection

The Board sought independent feedback via the employee survey (see pages 18 to 21), which enabled management to receive feedback and identify areas for further action.

Purpose, values and culture

Our purpose, values and culture are referenced throughout the Strategic and Directors' Report.

Our purpose communicates the Group's strategic direction and intentions to our employees and wider stakeholders. Our progress towards achieving our purpose during 2021 can be reviewed on the following pages:

- Through product innovation we have continued to deliver nutritional solutions that have a positive impact on peoples' lives, health and well-being (pages 34 and 35);
- The long-term returns to our shareholders (page 49); and
- The social, environmental and economic benefits brought to all our stakeholders (pages 10 to 11).

Our values: the Customers' Champion, Performance Matters, Showing Respect, Find a Better Way and Winning Together articulate the qualities we embody and our underlying approach to doing business. Our values are embedded in our operational practices through the policies approved by the Board and direct oversight and involvement of the Executive Directors.

Our culture has developed from our values and is a key strength of our business. The benefits of a strong culture are seen in our employees' engagement, retention and productivity. As the cultural tone of a business comes from the boardroom, safeguarding our culture is a key factor in the development of Board succession plans.

The Board reinforces our culture and values through its decisions, strategy and conduct. Further information on how our Board factors stakeholders into its decisions is on pages 94 and 95.

The Board monitors and assesses the culture of the Group via:

- Regular meetings with management;
- Reviewing the outcomes of employee surveys; and
- Assessing cultural indicators such as:
  - management's attitude to risk;
  - compliance with the Group's policies and procedures;
  - key performance indicators including staff retention and engagement;
  - feedback from our wider stakeholders;
  - messages received via the Group's whistleblowing system;
  - health and safety data;
  - promptness of payments to suppliers; and
  - employee training data and spend.

2021 Board Highlights

The Board is responsible for promoting the long-term sustainable success of the Group to generate value for its stakeholders and contribute to the wider society. The Board recognises that the alignment of the Company's purpose, strategy and culture is a cornerstone of their leadership role and critical to our success.

The following pages provide an overview of the broad range of matters that the Board considered at its meetings. These are non-exhaustive and detail the breath of oversight provided by the Board in order to discharge responsible leadership. The Board considerations in relation to stakeholder engagement can be found on pages 94 to 95.

Strategy and Corporate Development

Key Board Considerations	Stakeholder Groups
Strategic Response to the Covid-19 Pandemic The significance, scale and pace of the Board's commitment to coordinating the Group's response to the prolonged Covid-19 pandemic continued throughout 2021 and included: • Regular Covid-19 pandemic updates from the Group Managing Director at Board meetings; • Enhanced focus on utilising the digital tools that have been adopted very effectively to enable people to work from home; • Broadening the reach of the transformation programme in Glanbia Performance Nutrition ('GPN') to drive further opportunities across all aspects of the business and the scaling of our capabilities in Glanbia Nutritionals ('GN') to match new consumer trends; • Recognising the substantial shift to online and digital platforms and the importance of improving and accelerating our shift to such platforms in all aspects of the business; • Considering the radical shifts in how, where and what customers want as the Covid-19 pandemic accelerated trends, such as health, wellness, immunity enhancing and eCommerce; • Pricing action in both GPN and GN in the third quarter to mitigate cost inflation headwinds for the Group; and • Considering how GPN had realigned its footprint internationally to focus on targeted key growth markets and further utilising e-commerce to grow the business. **Further details are available on pages 30 to 41.**	**Stakeholders:** Employees, investors, governments and regulators, consumers, suppliers and communities. **Contributions:** Long-term results, employees, business relationships and reputation.
Glanbia Performance Nutrition (GPN) Transformation • The Board continued to oversee and monitor the significant transformation programme 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. **Further details are available on pages 30 to 33.**	**Stakeholders:** Employees, investors, consumers and suppliers. **Contributions:** Long-term results, business relationships and reputation.
LevlUp Acquisition • The Board approved and completed the acquisition of a 60% stake in LevlUp GmbH ("LevlUp"), a DTC gaming nutrition brand company based in Germany. **Further details are available on pages 14 and 30 to 33.**	**Stakeholders:** Employees and investors. **Contributions:** Long-term results and business relationships.
Glanbia Nutritionals (GN) • During 2021, the Board monitored the integration of Foodarom, a Canadian flavours business which has strong flavour formulation capability, into the GN business; and • In September 2021, Glanbia acquired PacMoore, a US food ingredients solutions company. **Further details are available on pages 14 and 36 to 39.**	**Stakeholders:** Employees and investors. **Contributions:** Long-term results, business relationships and reputation.

Corporate Governance Report continued
Board Leadership and Company Purpose continued
2021 Board Highlights continued

Strategy and Corporate Development continued

Key Board Considerations	Stakeholder Groups
Disposal of Glanbia plc's 40% interest in Glanbia Ireland DAC • On 7 December 2021, the Board approved the sale of its 40% interest in Glanbia Ireland DAC to Glanbia Co-operative Society Limited (the 'Society'), subject to the receipt of all necessary shareholder approvals and any applicable regulatory approvals. The disposal is expected to occur in the first half of 2022. Further details are available on page 40.	**Stakeholders:** Employees, investors, consumers and suppliers. **Contributions:** Long-term results, employees and business relationships.
Diversity, Equity and Inclusion (DE&I) • During the year, the Board reflected on our commitment to Diversity, Equity and Inclusion (DE&I) and approved a new Group-wide DE&I policy and strategy aimed at embedding a more diverse, equitable and inclusive culture throughout the Group. Further details are available on pages 22 to 23.	**Stakeholders:** Employees, investors, consumers, suppliers and communities. **Contributions:** Long-term results, employees, business relationships and reputation.
HR Transformation Programme • The Board approved the HR transformation programme, Grow@Glanbia, which is being implemented to enhance the Group's HR Operating model, service delivery and technology capability. Further details are available on page 23.	**Stakeholders:** Employees. **Contributions:** Long-term results, employees, business relationships and reputation.
Share Buyback Programme • During 2021, the prior year share buyback programme of €50 million concluded and in August 2021 the Board approved the launch of a second share buyback programme of up to €50 million in total value of Glanbia plc ordinary shares which commenced on 12 August 2021 and completed on 21 October 2021; • In December 2021 the Board approved a third share buyback programme of up to €50 million in total value of Glanbia plc ordinary shares which commenced on 8 December 2021 and will run through to the date three business days' prior to the Company's next Annual General Meeting ('AGM'), expected to be held in May 2022, unless otherwise terminated in accordance with the Company's agreement with Davy; • At the end of 2021, the Company had purchased and cancelled 7,272,432 ordinary shares at a total cost of €91.3 million during 2021; • A planned share buybacks of €31.0 million took place in January 2022, following share placements by Glanbia Co-operative Society in advance of concluding the proposed Glanbia Ireland transaction; and • The Board will seek to renew shareholder authorisation for a share buyback programme at the 2022 AGM. Further details are available on pages 43, 45 and 145.	**Stakeholders:** Employees investors, consumers and suppliers. **Contributions:** Long-term results and business relationships.
Procurement Policy • Throughout 2021, the Board continued to support Glanbia's Procurement teams as the key stakeholders in ensuring continuity of operations across all business units through the sourcing of personal, protective equipment and other essential safety supplies in a highly competitive, global sourcing environment as a result of the Covid-19 pandemic; and • In 2021, the Responsible Procurement Programme was launched across the Group to co-ordinate and report on the work undertaken to support Glanbia's overall ESG strategy and commitments. Glanbia's Procurement Policy was updated to reflect our responsible procurement requirements. Further details are available on pages 56 and 57.	**Stakeholders:** Employees, investors, consumers, suppliers and communities. **Contributions:** Long-term results, employees, business relationships and reputation.

Strategy and Corporate Development continued

Key Board Considerations

Group Sustainability Strategy

- In January 2021 the Board approved the Group sustainability strategy. This aims to achieve net zero carbon emissions no later than 2050 and accelerates our ambition to put sustainable growth at the heart of our business model; and
- The Board considered the Group's alignment with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) and our targets under this strategy have been validated by the Science Based Targets initiative (SBTi).

Further details are available on pages 52 to 66 and pages 109 to 111.

Stakeholder Groups

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

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

Operational and Financial Performance

Key board considerations

Operational Response to the Covid-19 Pandemic

- As the Covid-19 pandemic continued to evolve throughout 2021, the Board examined the main priorities and goals it had established for monitoring the impact of the Covid-19 pandemic. These covered maintenance of operations while keeping our people, clients and suppliers safe and healthy, preserving the health of the business including its financial health:
- The Board received regular updates and continues to monitor the implications of the Covid-19 pandemic for the business, employees and stakeholders. The Group Business Continuity Planning (BCP) team remains in place with the following priorities:
  1. Protect our people;
  2. Maintain operations and service our customers and consumers; and
  3. Manage our financial resources.
- The Board continued to review and monitor the HR management of the Covid-19 pandemic in terms of the HR policies, systems, processes, equipment, training, and other corrective actions implemented to protect employees; and
- The Board continues to monitor the initiatives, to simplify business and focus on cost containment and margin improvement across the Group. All these measures provided a solid platform to help mitigate the Covid-19 pandemic challenges.

Further details are available on pages 30 to 41.

Stakeholder Groups

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

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

Budget and Financial Modelling

- For 2021 Glanbia guided full year 2021 adjusted EPS growth to be in the upper end of 6% to 12% on a constant currency basis versus prior year. As a result of the strong performance in H1 2021, the Group raised its expectations for the full year 2021 to adjusted EPS growth of 17% to 22% on a constant currency basis versus the prior year. Actual full year 2021 adjusted EPS growth on a constant currency basis was 22.1%.

Further details are available on pages 44 to 49.

Stakeholders: Employees, investors, consumers and suppliers.

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

Financing

- The Group had €1.16 billion committed debt facilities at 2021 year-end, with a weighted average maturity of 3.9 years and an earliest maturity date of January 2024 (2020: €1.23 billion committed debt facilities, weighted average maturity of 4.4 years).

Further details are available on page 48.

Stakeholders: Employees, investors, consumers and suppliers.

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

Corporate Governance Report continued
Board Leadership and Company Purpose continued
2021 Board Highlights continued

Operational and Financial Performance continued

Key Board Considerations	Stakeholder Groups
Brexit • The Board monitored the end of the Brexit transition period on 31 December 2020 which had no material financial impact on the Group; • The Group has adopted its procedures to comply with various regulations associated with the EU-UK Trade and Cooperation Agreement ("TCA") which has been applied provisionally since 1 January 2021. To date there have been no material impacts on the Group's operations or trading performance as a result of the TCA; • The Board continues to monitor the development of follow on agreements related to other aspects of EU-UK trade as well as future UK trade agreements with other countries which may impact Glanbia. This falls within the Group's ongoing process of monitoring key geopolitical trading relationships as part of the Board's overall risk management process; and • On the recommendation of the Board, on 11 February 2021, the shareholders of the Company approved the migration of the Company's securities from CREST to Euroclear Bank Belgium.	**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 in 2020, the Group's financial priority has been its financial strength, and again delivered strong operating cash flow performance in 2021; • During the year, the Group acquired LevlUp and PacMoore and spent €61.6 million on strategic capital investment. Key strategic investment included supply chain consolidation as part of the GPN transformation programme. In addition the strong cash flow enabled a dividend payout ratio of 33.6% and the launch of two further €50 million share buyback programmes; • As a result of the strong performance in the first half of 2021, the Board recommended an interim dividend of 11.75 cent per share (HY 2020: 10.68 cent per share) representing a 10% increase on prior year interim dividend. The interim dividend was paid on 1 October 2021 to shareholders on the register of members as at 20 August 2021; and • The Board is recommending a final dividend of 17.53 cent per share (FY 2020: 15.94 cent per share) which brings the total dividend for the year to 29.28 cent per share, representing an increase of 10% for the prior year. The final dividend will be paid on 6 May 2022 to shareholders on the register of members as at 25 March 2022. Further details are available on pages 44 to 49.	**Stakeholders:** Employees, investors, consumers and suppliers. **Contributions:** Long-term results, employees, business relationships and reputation.
Glanbia Cheese EU Limited • In 2018, the Board approved a €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; • Glanbia Cheese EU continued commissioning during 2021 with systems and production equipment being gradually run up to full operating speeds. It began commercial operations in March 2021 and to the end of 2021 has packed 9,600 tonnes of mozzarella as part of commissioning and customer approvals; and • The Board received regular updates on the progress of this project throughout the year. Further details are available on page 40.	**Stakeholders:** Employees, investors, consumers, suppliers and communities. **Contributions:** Long-term results, employees and business relationships.
MWC Michigan • The Board continued to monitor the progress of MWC (part of the MWC-Southwest Holdings joint venture) in Michigan. This is a joint venture between Glanbia, Dairy Farmers of America, Inc. and Select Milk Producers Inc; and • The Board received regular updates on the progress of this project throughout the year and no further investment was required in this venture during 2021. Further details are available on page 40.	**Stakeholders:** Employees, investors, consumers, suppliers and communities. **Contributions:** Long-term results, employees and business relationships

Governance and Legal

Key Board Considerations	Stakeholder Groups
Board Composition • 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 on page 115, which will impact the composition and size of the Board between 2021 and 2023. **Further details are available on pages 78 and 113 to 115.** **Board Biographical details are available on pages 81 to 85.**	**Stakeholders:** Employees, investors, consumers and suppliers. **Contributions:** Long-term results, employees, business relationships and reputation.
Group Chairman Succession • In accordance with the Relationship Agreement dated 2 July 2017 Donard Gaynor an Independent Non-Executive Director, was appointed as the first Independent of the Society Group Chairman on 8 October 2020; and • During 2021, the Board unanimously agreed that Donard Gaynor will continue as Group Chairman, until his successor is appointed in 2025, in order to facilitate the Board composition changes announced in February 2021, which will result in the appointment of three new Independent Non-Executive Directors together with ongoing effective Board renewal. **Further details are available on pages 78 and 113.**	**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 three new Independent Non-Executive Directors between 2020 and 2021, a review of the Board Committees membership was undertaken in early 2021 to maintain compliance with the UK Corporate Governance Code, balance of Committee membership across the Independent Non-Executive Directors and to ensure diversity in each of the three Board Committees; • During the year the Board approved the establishment of a new Environmental, Social and Governance ('ESG') Committee to ensure the Board has the highest level of accountability and oversight of its commitment to the Group sustainability strategy and the diversity, equity and inclusion journey; and • A new Corporate Development Committee was established on 24 February 2022 to assist the Board in assessing new corporate development opportunities. **Further details are available on page 114.**	**Stakeholders:** Employees, investors, consumers, and suppliers. **Contributions:** Long-term results, employees, business relationships and reputation.
Board Evaluation • A comprehensive and externally facilitated Board evaluation took place in both 2019 and 2020. Following 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; • In 2021, the Board evaluation was an internal one in line with our agreed triennial cycle; and • The evaluation concentrated on progress on last year's areas of focus and the resulting actions, as well as agreeing new areas of focus for the coming year. **Further details are available on page 100.**	**Stakeholders:** Employees, investors, consumers and suppliers. **Contributions:** Long-term results, employees, business relationships and reputation.
Remuneration Policy 2022 - 2024 • A review of the 2018-2020 Remuneration Policy was conducted during 2021 and a new Remuneration Policy for the period 2022-2024 was presented and approved by the Board on 7 December 2021 and will be put to shareholders for consideration at the 2022 AGM. **Further details are available on pages 123 to 128.**	**Stakeholders:** Employees and investors. **Contributions:** Long-term results, employees, business relationships and reputation.

Corporate Governance Report continued

Board Leadership and Company Purpose continued

Stakeholder engagement

HOW DO WE ENGAGE WITH OUR STAKEHOLDERS?

We recognise the importance of clear communication and proactive engagement with all of our stakeholders. Our stakeholder engagement programmes are kept under routine review by the Board.

This was of particular importance during 2021 due to the uncertainty and economic difficulties caused by the Covid-19 pandemic. Some of our engagement methods required adjustment in response to the restrictions imposed by governments to slow the spread of the virus, including the use of a virtual platform to hold our 2021 AGM.

How do we engage with our employees?

We have an experienced, diverse and dedicated workforce which is recognised as a key asset of our business. The Board and its Committees routinely invite members of the management team to join meetings to present on the matters being discussed, enabling their input into discussions. In order to reach all employees (including individuals engaged under contracts of service, agency workers, and remote workers), the Board utilises a combination of formal and informal engagement methods which are detailed below.

Non-Executive Director engagement with our employees

As the designated Director for bringing the voice of employees into our Boardroom, Donard Gaynor attended three town hall meetings. The town hall meetings are usually a face-to-face event however due to the Covid-19 pandemic they were conducted virtually in 2021.

Dedicated Workforce Director

Donard Gaynor is the dedicated Non-Executive Director for gathering the views of the workforce. As Group Chairman, Chairman of the ESG, and Nomination and Governance Committees, Donard oversaw and received updates on our employee engagement methods.

ESG Committee

The ESG Committee was established during 2021 to strengthen the Board's oversight of environmental and social issues and monitor the Group's corporate responsibility, sustainability, diversity, equity & inclusion and stakeholder engagement activities (see pages 109 to 111).

Whistleblowing

Our whistleblowing system offers an anonymous reporting line for employees to raise any concerns directly with the Board. The whistleblowing system allows concerns to be raised with a member of the management team in their business unit, the Group Secretary or with the Group's externally managed and confidential Safecall service provider.

Town hall meetings

The Group Managing Director hosted three virtual town hall meetings to ensure all employees were kept informed of business activity, reassured and engaged. Employees were encouraged to ask questions during the sessions. Our Group Chairman also attended the launch of the DE&I strategy and the Women's Employee Resource Groups.

Intranet

Our intranet is used as a popular platform for employees to access our policies and be kept fully informed of the latest Group news. In addition during the lockdown restrictions, the intranet was used to share links to useful information on social and wellbeing, culture and entertainment, health and safety.

Career development

We develop our people though 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.

Employee surveys

We gather feedback regularly from our employees to assess their levels of engagement. We conduct a formal employee survey, designed and developed in conjunction with an independent provider. In 2021, we also conducted a full employment engagement survey and a number of Covid-19 pulse surveys to determine how our employees felt they had been supported during the pandemic.

Committees & working groups

We launched 'Fostering Inclusion' education models for all employees. Established the first global Group-wide Employee Resource Group ('ERG'): Glanbia NOW (Network of Women) and several regional ERGs in North America (LGBTQ+ Network; Multicultural Network) with the intention of scaling these globally in 2022.

How do we engage with our shareholders?

Shareholders play a valuable role in safeguarding the Group's governance through, for example, the annual re-election of Directors, the review and consideration of appropriate remuneration policies and engagement and constructive dialogue with the Board.

The Group aims to be as transparent as possible with the information it provides to investors and welcomes face-to-face interaction. Formally, this can be done at our annual general meeting ('AGM'), and our Group Chairman aims to routinely meet with institutional investors and report their views to the Board. We also write to our shareholders on major issues or decisions and offer to consult. However, Covid-19 pandemic restrictions have curtailed much of this in person activity, replacing it with a significant increase in virtual meetings and conferences. We describe our main engagement methods in the table below.

Shareholder consultation	We will always seek to engage with shareholders when considering material changes to governance, key policies (such as remuneration) and on specific shareholder resolutions at the AGM, where appropriate. During 2021, the Chairman of the Remuneration Committee consulted with our major shareholders and engaged with proxy advisors on the proposed Remuneration Policy 2022–2024 before presenting the final Remuneration Policy 2022–2024 to the Board for their approval.
Investor meetings	During 2021, the Group held over 200 investor meetings and attended 16 investor conferences. These engagements covered a significant amount of our largest shareholders. Due to the Covid-19 pandemic, the majority of these were virtual meetings. The meetings focused on the Group's portfolio, strategy and Covid-19 pandemic impact. Where significant views were expressed, either during or following the meetings, these were noted and circulated to all Directors.
Investor presentations	During 2021, we hosted in-person year-end and virtual interim results presentations.
Annual General Meeting	The AGM provides an opportunity for shareholders to question the Directors and the Chairman of the Board. Due to the Irish Government restrictions arising from the Covid-19 pandemic, the 2021 AGM was held as a virtual meeting. The 2021 AGM was broadcast and shareholders were invited to participate in the AGM via a live webcast hosted on the Lumi Platform. All details relating to the AGM were published on the Company's website: www.glanbia.com/agm. Shareholders could listen to the business of the meeting and submit questions both in advance and during the meeting. A full recording of the webcast is available on our website at: www.glanbia.com/agm.
Annual Report	Our Annual Report is available to all shareholders. Through our electronic communication initiatives, we aim to make our Annual Report as accessible as possible. Shareholders can opt to receive a hard copy in the post or PDF copies via email or from our website. Additionally, if a shareholder holds their Glanbia plc shares via a nominee account and encounters difficulty receiving our Annual Report via their nominee provider, they can contact the Group Secretary to request a copy.
Corporate website	Our website, www.glanbia.com, has a dedicated investor section which includes our Annual Reports, results presentations (which were provided to analysts and investors at the time of the half year and full year results) and our financial calendar for the upcoming year.
Share buybacks	At the 2021 AGM of the Company approval was sought for the Board to have the authority to conduct share buybacks within certain specified limits until the conclusion of the 2022 AGM. 99.83% of shareholders and 68.94% of independent shareholders voted in favour respectively for Resolutions 10 (purchase of own shares) and 12 (rule 37 waiver). However, while the relevant waiver required under Rule 37 of the Irish Takeover Panel Act 1997, Takeover Rules 2013 giving the Company the authority to implement a share buyback programme was approved by the independent shareholders by 68.94%, this approval was less than 80%. Accordingly, in compliance with the UK Corporate Governance Code, Glanbia consulted with shareholders to understand the reasons behind the result. This consultation took place in June and July 2021 and found that the Group's shareholders were supportive of Glanbia's capital allocation strategy and recognised the success of the previous programme. On 12 August 2021 Glanbia published an update on the views received from shareholders. The Board will seek to renew shareholder authorisation for a share buyback programme at the 2022 AGM.
Contacts	Contact details for our Investor Relations team, Group Secretary and Registrar are available on page 254.

Corporate Governance Report continued
Division of Responsibilities

The Board is responsible for establishing the Company's purpose, values and strategy, promoting its culture, overseeing its conduct and affairs, and for promoting the success of the Group for the benefit of its members and stakeholders. It discharges some of its responsibilities directly and others through its Committee framework, the Group Operating Executive and Group Senior Leadership Team. A description of the Governance Framework as at 4 January 2022 is set out below.

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.

ESG Committee
Key activities: oversight of the ESG programme, the Group sustainability strategy, Pure Food + Pure Planet and the Diversity, Equity and Inclusion Policy, monitoring progress against key performance indicators and external ESG index results and overseeing progress on ESG commitments and targets.

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 Chief Human Resources Officer, the Chief Corporate Development Officer and Chief ESG & Corporate Affairs Officer. 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 Committee comprises of the Group Managing Director, the Group Finance Director, the Group Secretary and the Director of Strategic Planning and Investor Relations.

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;
- Appointment and removal of Directors;
- 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 and Committee meeting attendance

Director	Years on the Board	Scheduled	Unscheduled	Audit Committee	Environmental and Social Governance Committee	Nomination and Governance Committee	Remuneration Committee
D Gaynor (Note 1)	8	10/10	8/8	1/1	2/2	7/7	8/8
S Talbot	12	10/10	8/8	–	2/2	–	–
P Ahern (Note 2)	6	10/10	3/3	–	–	–	–
R Brennan (Note 3)	1	9/10	7/8	–	–	6/6	7/7
P Coveney (Note 4)	7	10/10	7/8	8/8	2/2	1/1	
P Duffy (Note 5)	1	8/8	8/8	4/4	–	–	3/3
M Garvey	8	10/10	8/8	–	–	–	–
V Gorman (Note 2)	8	10/10	3/3	–	–	–	–
B Hayes (Note 2)	9	10/10	3/3	–	–	–	–
Mn Keane (Note 6)	15	3/3	2/2	–	–	–	–
J Lodge	1	10/10	8/8	8/8	–	–	8/8
J G Murphy (Note 2)	11	10/10	3/3	–	2/2	–	–
J Murphy (Note 2)	1	10/10	3/3	–	–	–	–
P Murphy (Note 2)	10	10/10	3/3	–	–	–	–
D O' Connor	7	10/10	7/8	8/8	–	7/7	8/8

1. D Gaynor retired from the Audit Committee on 20 January 2021.
2. The disposal of 40% of Glanbia Ireland to the Society was classified as a related party transaction for the purpose of the Euronext and UK Listing Rules and the Society Nominee. Directors recused themselves from the five unscheduled board meetings held to consider the disposal.
3. R Brennan was unable to attend one scheduled Board meeting due to a family bereavement.
4. P Coveney retired from the Nomination and Governance Committee on 20 January 2021.
5. P Duffy was appointed to the Board on 1 March 2021 and as member of the Audit Committee and Remuneration Committee on 17 June 2021
6. Mn Keane retired from the Board on 6 May 2021.

The Board held 10 scheduled Board meetings and eight unscheduled Board meetings in 2021. Unscheduled meetings were held as and when required throughout the year.

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.

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; and
- Develops appropriate capital and corporate structures to ensure the Group's strategy is met.

Non-Executive Directors
- Provide independent insight and supports the Group Chairman in instilling the appropriate culture, values and behaviours in the Group;
- Contribute to developing strategy;
- Scrutinise and constructively challenge the performance of the business, management and individual Executive Directors;
- Monitor the integrity of financial information and ensures that there are robust financial controls and systems of risk management;
- Determine and agree the framework and policy for executive remuneration; and
- Oversee Director succession planning.

Michael Horan, Group Secretary
- Monitors the Group's compliance with legal, regulatory, governance, ethics, policy and procedural matters;
- 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;
- Supports the Group Chairman by organising induction and training programmes for Directors; and
- Provides support and guidance to the Board and the Chairman, and acts as an intermediary for Non-Executive 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.

Corporate Governance Report continued
Composition, Succession and Evaluation

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. The Committees focus on their areas of expertise enabling the Board meetings to focus on strategy, performance, leadership and people, governance and risk, and stakeholder engagement, thereby making the best use of the Board's time together as a whole. The Committee Chairs report to the full Board at each Board meeting following their sessions, ensuring a good communication flow while retaining the ability to escalate items to the full Board's agenda if appropriate.

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 typically 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.

The Board meets sufficiently frequently to discharge its duties, and holds additional unscheduled meetings when required. This year, for example, the Board held a number of additional unscheduled meetings to specifically discuss the disposal of 40% of Glanbia Ireland to Glanbia Co-operative Society Limited (the 'Society').

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, Environmental, Social and Governance, 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.

For the majority of 2021, due to the ongoing Covid-19 pandemic, social distancing restrictions and lockdown measures, the Board and Committees met remotely. Although not ideal, there was no deterioration in the engagement of the Board, nor in the quality of debate, challenge and discussions as the Board worked to ensure strong corporate governance, oversight and monitoring during the continuing Covid-19 pandemic. Equally, the Covid-19 pandemic has not impacted the commitment that Directors have to the Board which is evidenced by their attendance at Board and Committee meetings held during the year. The Board welcomed a return to in-person meetings in August 2021.

Board structure

The Board currently comprises 14 Directors: two Executive Directors, the Group Chairman and 11 Non-Executive Directors of whom six are currently nominated by the Society. There are currently five other Independent Non-Executive Directors and a vacancy for a further Independent Non-Executive Director.

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 six 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 six 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 115.

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 progressed this in 2020 and 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 ethnicity, colour, sexual orientation, 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. Induction programmes are usually completed within the first six months of a Director's appointment and the Group Secretary provides assistance and support throughout the induction process. The programmes are reviewed regularly to consider Directors' feedback and are continually updated and improved.

Paul Duffy joined the Board on 1 March 2021. Paul 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 Finance, Group Treasury, Group Tax and Group HR.

New Director induction usually requires new Directors to undertake site visits but due to the foreign travel restrictions as a result of the Covid-19 pandemic, site visits were deferred until it was deemed safe to travel. In September 2021 Paul Duffy visited the GPN North America offices in Downers Grove and met with senior management. During the Covid-19 restrictions the new Directors were supported virtually and were offered the same level of interaction where possible, albeit through digital means. Directors are encouraged to visit facilities and management and future engagements will be planned with the CEOs and members of the senior leadership teams of both businesses, GPN and GN.

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, the then Group Human Resources & Corporate Affairs Director, and now the new Chief ESG and Corporate Affairs Officer, General Manager of Group Business Services, the Group Head of IT and the Group Head of Quality and Safety. The Board also participated in DE&I training in 2021 and sustainability briefings are planned for 2022.

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, It has been the Board's practice to hold a number of Board meetings at subsidiary locations each year in order to provide Directors with the opportunity to meet local teams, see operations on the ground and have presentations on current operations, projects, future plans 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 2021 due to the ongoing Covid-19 pandemic, the majority of 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.

The Group Secretary in conjunction with Glanbia's advisers, monitor legal and governance developments and Directors are regularly provided with updates on corporate governance, legislative and regulatory issues. During 2021, updates included a presentation from the Group Secretary on the Market Abuse Regulations and the migration of the Company's securities from CREST to Euroclear Bank Belgium and the subsequent impact thereof and an investor relations update presentation from the Group Director of Strategic Planning and Investor Relations.

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

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 117. 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 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 amended 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 115 of the Nomination and Governance Committee Report.

During 2021, 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.

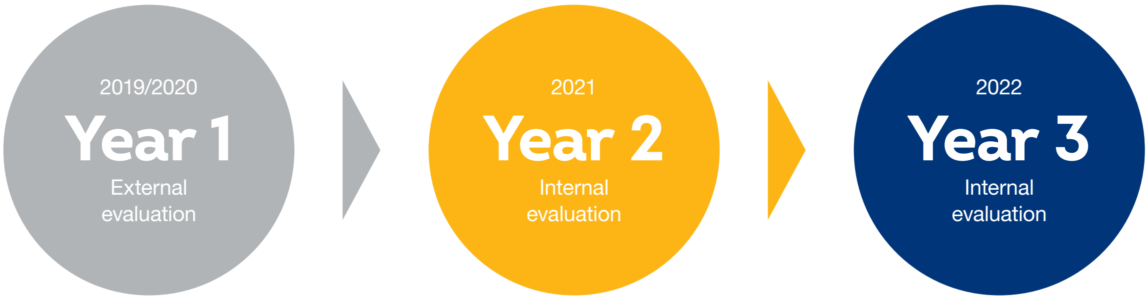
Re-election of Directors

In accordance with the UK Corporate Governance Code, all of the Directors are subject to annual re-election by shareholders. Accordingly, each of the Directors, with the exception of Patrick Coveney who retires effective 30 March 2022 and Vincent Gorman who is not putting himself forward for re-election at the AGM, will seek re-election at the 2022 AGM. Additionally the re-election of Roisin Brennan, 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.



Indepth external Board evaluations by external facilitator

Internal evaluation facilitated by the Group Chairman focusing on progress against the key objectives highlighted by the external evaluations

Internal evaluation facilitated by the Group Chairman

A key element of good governance is an annual evaluation to ensure that the Board, its Committees and Board members are continuing to operate and perform effectively.

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 in 2019 and 2020 to ensure a consistent approach to development. External consultants, Independent Audit, were engaged to facilitate the external evaluations of the effectiveness of the Board and its Committees, the purpose of which was to provide the Board with greater insights into its performance and to identify opportunities to further increase and improve its overall effectiveness. Independent Audit had no other connection with the Group or with the individual Directors.

2021 internal Board and Board Committee evaluation process
This year, our Board evaluation was an internal one in line with our agreed three-year cycle.

Process
Questionnaires focussing on best practice, relevant guidance and recommendations from 2019 and 2020 external evaluations, were issued electronically to all Board members followed by one to one video call interviews between each Director and the Group Chairman with feedback being provided on strategy, the operation of the Board and its Committees, the management of the Board in the context of the Covid-19 pandemic, talent management, succession planning for the Board and senior management and the transition of the chairmanship of the Group.

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

Outcome
The questionnaire responses and interview results were collated and analysed and a report, summarising the findings and including proposed recommendations for discussion, was prepared by the Group Chairman.

The report was presented to the Board in December 2021 for consideration. Overall, it was the collective view of the Directors that the Board is engaged and effective in discharging its responsibilities with an open and collegiate culture and relations with senior management allows constructive challenge on key issues. The Board welcomed a return to in-person meetings (in the wake of Covid-19 pandemic) especially noting the importance of Board members meeting and engaging with new senior talent in the Group. The Board recognises the importance of remaining closely connected with the business and fellow Directors, in order to lead by example and continue to promote and monitor the desired culture throughout the Group.

The strategic decision by the Society to reduce its representation on the Board (from seven to three in 2023) in order to facilitate the appointment of additional Independent Non-Executive Directors and further strengthen the diversity of the Board was considered very significant. The increase in Board gender diversity was welcomed and the importance of ongoing effective Board renewal, further increasing the Board skill-set and expanding gender and ethnic diversity was noted.

Areas of focus for 2022
The following areas of focus were agreed for 2022:
- given the significance of the Environmental Governance and Social ('ESG') agenda to stakeholders, the Board expressed the importance of being kept informed of the Company's efforts and progress in meeting its ESG ambitions and targets;
- the continued support of the Board to the Group's Diversity, Equity and Inclusion ('DE&I') challenges including DE&I at Board level is imperative to the success of the Groups DE&I journey; and
- continued senior management succession planning.

A review of the performance of each of the Board Committees was also undertaken 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. In particular, all Committees were considered to be well chaired, enjoy a broad representation across the Board, deal with relevant topics and substantially ease the burden of specific matters or areas on the Board as a whole.

Audit, Risk, Internal Control and Remuneration

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 67 to 75.

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 75.

After due consideration and review, 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 page 70.

Long-term viability statement
In accordance with the UK Corporate Governance Code 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 2024, 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 71.

Having considered these factors, the Covid-19 pandemic-related challenges and impacts experienced in 2021 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 full viability statement is contained on page 71.

Fair, balanced and understandable
The Directors have concluded 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. This evaluation was supported by the Audit Committee as outlined in its Report on page 105.

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 152.

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 2022 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.

A review of the 2018-2020 Remuneration Policy was conducted in 2021 and a new policy will be put to shareholders for consideration, in respect of the 2022-2024 period, at the 2022 AGM. Full details of 2022-2024 Remuneration Policy and the work of the Remuneration Committee can be obtained on pages 118 to 142.

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

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 2021 the Group was subject to the Irish Corporate Governance Annex (2010) and the UK Corporate Governance Code, the 'Codes'. Our Corporate Governance Statement can be found on page 80.

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: https://www.euronext.com/sites/default/files/2019-06/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, Environmental, Social and Governance, 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 75. 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 the Corporate Governance Statement.

UK Corporate Governance Code

Board Leadership and Company Purpose	Pages 10 to 11 and 77 to 95
Division of Responsibilities	Pages 96 to 97
Composition Succession and Evaluation	Pages 98 to 100 and 112 to 117
Audit Risk and Internal Controls	Pages 101 to 108
Remuneration	Pages 118 to 142

Irish Corporate Governance Annex

Board Composition	Pages 81 to 100
Board Appointments	Pages 78, 98 and 112 to 117
Board Evaluation	Pages 79, 100 and 113
Board Re-election	Pages 99 and 117
Audit Committee	Pages 103 to 108
Remuneration	Pages 118 to 142

Section 1373 Companies Act 2014

Applicable Codes	Pages 80 and 102
Departures from the Codes	Page 80
Risk Management and Internal Control	Pages 67 to 75 and 101 to 108
Takeover Regulations	Pages 143 to 148
Shareholder Information	Pages 250 to 253
Board and Committees	Pages 76 to 142

Audit Committee Report

MAINTAINING EFFECTIVE **INDEPENDENT RISK AND CONTROL OVERSIGHT**

Dan O'Connor
Audit Committee Chairman

Committee members and Committee tenure

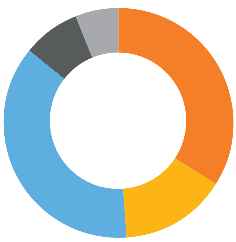
	Appointed to the Committee	Number of full years on the Committee
D O'Connor (Chair)	1 Dec 14	7
P Coveney	30 Sep 14	7
D Gaynor[1]	24 Feb 15	5
J Lodge	20 Jan 21	1
P Duffy	17 Jun 21	<1

1. D Gaynor retired from the Audit Committee on 20 January 2021.

See pages 82 and 83 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



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.

Key responsibilities

- Protecting the interest of shareholders by monitoring the integrity of the Group's Financial Statements including reviewing significant financial reporting issues, judgements and other supplementary financial information contained in formal announcements and communications.
- Reviewing and challenging where necessary the appropriateness and consistency of the accounting policies applied to the Group's Financial Statements.
- Providing advice on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's position and performance, business model and strategy.
- Advising the Board of its responsibilities to monitor and review the effectiveness of the Group's systems of risk management and internal controls including its assessment of the challenges posed by Covid-19.
- Reviewing reports from specialist functions such as Health & Safety, Quality and Food Safety, Group Legal, and Group Tax to identify issues that may have a material impact to the Group.
- Receiving updates on the work undertaken to improve the Group IT and cyber security capabilities, and the Group's climate and ESG disclosure requirements.
- Advising the Board of any material uncertainties that may impact the Group's ability to continue as a going concern and the appropriateness of the Group's long-term viability statement.
- Overseeing the relationship with the statutory Auditor, including approving the terms of engagement and remuneration, and performing an annual assessment of the independence and objectivity of the statutory Auditor and effectiveness of the external audit.
- 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.
- Monitoring the operation and reviewing the 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.

Audit Committee Report continued

Dear shareholder,

As Chairman of the Audit Committee (the 'Committee'), I am pleased to present the Committee's report for the year ended 1 January 2022. 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 changes

As noted in the 2020 Annual Report, 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. Paul Duffy was also appointed as a member of the Committee on 17 June 2021. As announced on 24 February 2022, Paul Duffy will succeed me as Chairperson of the Audit Committee effective 7 March 2022 and Patrick Coveney will retire as an Independent Non-Executive Director effective 30 March 2022.

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 Financial Statements, 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 105 and 106.

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 is performed. During 2021, the Committee evaluated key areas of risk such as health and safety, legal, financial reporting and tax, IT security and quality and food safety by receiving direct presentations from the relevant Group functional leads.

The Group's focus on climate risk management is also increasing due to the evolving regulatory reporting requirements, changing stakeholder focus and the related risks. This included a review of the 13 thematic potential climate-related risks and opportunities (CROs) which may impact the Group as identified through the review work conducted with The Carbon Trust as outlined in the Task Force on Climate-related Financial Disclosures (TCFD) on pages 61 to 66. During the year, Group Finance and the statutory Auditors provided the Committee with regular updates on the evolving legislative and external reporting requirements including the climate related risk disclosures. Group Internal Audit presented a Group risk management report focusing on the Group risk appetite and KPIs which provided greater detail for the Committee to assess the Group's risks and further develop the Group's risk framework. The work performed in this regard is detailed on page 106.

Covid-19

The Committee has and will continue to engage with the Board to ensure that effective internal control and risk management systems are maintained and to monitor the additional pressures on management and employees as a result of the pandemic. The Committee believes that employee performance has remained strong and that negative impacts to health and safety have been carefully managed.
We have also discussed with Group management the work performed in respect of the Going Concern and Viability Statements, the goodwill and intangible asset 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. The Committee is satisfied both parties were able to work safely and in compliance with the relevant laws and guidance.

Engagement

In fulfilling its key oversight responsibilities the Committee engaged regularly with management, Group Internal Audit and the statutory Auditor to ensure timely and accurate information was consistently provided to the Committee. Our engagement with the Group Internal Audit function and the statutory Auditor is detailed on pages 106 and 108 together with an explanation of how the Committee has assessed the independence and effectiveness of the external audit process.

During the year an external quality assessment of the Internal Audit function was performed with no material issues arising. The Committee is also satisfied, based on the evidence obtained throughout the external audit process that a robust, effective and efficient process is evident across the Group. The Committee is particularly pleased that a high standard has been maintained following the transition of the lead audit engagement partner for the 2021 Annual Report and Financial Statements audit. 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 2022

The Committee's key priorities for 2022 include:

- Ensuring the Group's Financial Statements are accurate and reflect the balanced and consistent application of financial and non-financial reporting requirements;
- Reviewing the detailed scenario and quantification analysis on the CROs in the TCFD report which will be performed by management;
- Assessing the processes in place to ensure effective oversight of environmental (including climate), social and governance activities and other non-financial disclosures;
- Providing independent challenge and oversight on areas of key judgement or estimation;
- Maintaining focus on our impairment testing methodology, inputs, assumptions, sensitivity analysis and results;
- Detailed monitoring of the Group's principal risks and uncertainties;
- Continue its programme of direct presentations from management to ensure that effective risk management processes are implemented to address key risk areas in a manner consistent with the Group's risk appetite;
- Continued focus on the impact of the Covid-19 pandemic on the business, principal risks, cash flow, accounting disclosures and financial controls; and
- Ensuring that robust due diligence is performed, acquisition integration is closely monitored and post completion reviews are conducted on all material investments.

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 the requirements of its terms of reference. A detailed Audit Committee effectiveness review, conducted by Group Internal Audit, validated the Committee's conclusion. Any actions arising from this review will be implemented in 2022.

On behalf of the Audit Committee

Dan O'Connor
Audit Committee Chairman

Governance

Committee membership

The Committee was in place throughout 2021. At present, the Committee comprises of four Independent Non-Executive Directors, Dan O'Connor (Senior Independent Director and Committee Chairman), Patrick Coveney, Jane Lodge and Paul Duffy. 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 four 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 in financial and commercial matters arising from the senior positions they hold or held in other organisations as set out in their biographical details on pages 82 and 83.

Meetings

The Committee met eight times during the year ended 1 January 2022. 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 and when specialist technical knowledge is required 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 2022 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 103.

Audit Committee key activities

Financial reporting and significant financial judgements

As part of the Committee's role, 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.

The Group Internal Audit team contribute to the assurance process by reviewing compliance with internal control processes. The statutory Auditor presents its findings to the shareholders as the owners of the business, and its report can be found on pages 154 to 161.

As outlined in our accounting policies on page 177, 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. Several significant items have been highlighted as exceptional items in both 2020 and 2021 and the Committee is satisfied that this is appropriate and consistent with the Group's policy in this area. The table on page 107 sets out the 2021 significant Financial Statements reporting judgements and disclosures and how the Committee addressed these matters.

The Committee considered the Directors' Responsibility Statement and the Group's principal risks and uncertainties within the 2021 Annual Report and Financial Statements and the half-year results and were satisfied with the adequacy of the disclosures.

Regulators and our financial reporting

During the year, the Group received correspondence from the Irish Auditing and Accounting Supervisory Authority (IAASA) in respect of the Group's Annual Report and Financial Statements for the year ended 2 January 2020 outlining a number of areas on which they required further information and clarity. The Company provided the necessary information and clarifications requested and IAASA acknowledged the cooperation received from the Directors and management in responding to the queries raised. The Committee was satisfied that no material findings arose from the review.

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 67 to 75.

Fair, balanced and understandable

At the request of the Board, the Audit Committee reviewed the content of the Annual Report and Financial Statements to ensure that when taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy. 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 was 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 report was presented to the Committee outlining the process by which they assessed the narrative and financial sections and disclosures of the 2021 Annual Report to ensure that the criteria of fair, balanced and understandable has been achieved;
- the report highlighted new disclosure areas such as the TCFD report and climate disclosures which were discussed in detail; 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.

Audit Committee Report continued

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 70 to 71.

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 Long-term Viability Statement which is supported by the work conducted in the strategy and budget review in December 2021 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 71.

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.

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 67 to 75 sets out the detailed steps in the process and the Group's principal risks. The Committee's risk management focus during 2021 included:

- ensuring the Group's risk appetite statements have an established context within the risk management framework where they can be operationalised through both quantitative and qualitative statements;
- 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 72 to 75;
- evaluating the continued impacts of Covid-19 on the business and the health and safety of its employees;
- reviewing the 13 thematic potential CROs identified through the review work conducted with The Carbon Trust as outlined in the TCFD on pages 61 to 66;
- reviewing a paper prepared by Group Finance which considered the impact of climate change on the financial statements which includes details on the TCFD requirements, as outlined on pages 61 to 66 and accounting policy Note 2 to the Financial Statements;
- receiving risk presentations from a number of Group functional leads;
- increased focus on 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 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 charter and annual work plan including any amendments during the year as a result of the Covid-19 risk impacts and travel restrictions. Remote auditing carried out by Internal Audit continued to work satisfactorily with no delay in delivering the internal audit plan. As restrictions were eased in late 2021 certain audits were performed on-site;
- 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;
- reviewed the team's use of technology including the audit management system and data analytics tools to ensure the effectiveness of the Internal Audit processes;
- received regular reports from the Head of Internal Audit covering team development, progress against the audit plan, amendments required and best practice risk management procedures; and
- ensured an external quality assessment of the Internal Audit function was conducted during the year by PricewaterhouseCoopers. The review assessed our compliance with the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing. The external review noted that the Internal Audit function is providing effective assurance to management and the Committee and is in general compliance with the IIA Standards with no material issues identified.

During the year, Internal Audit coverage focused on principal risks, which included cyber threat and information security, legal and regulatory compliance and technology failure. Audit results are reported to the Audit Committee to allow the Committee to have an integrated view on the way risks are managed. Assurance was also provided across a range of areas, including data loss prevention, phishing and data privacy. Management is responsible for ensuring issues raised by Internal Audit are addressed within the agreed timeframe, and the Committee reviews the status of actions periodically throughout the year to ensure they are completed on a timely basis.

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.

2021 significant financial reporting judgements and disclosures

The areas considered and the actions taken by the Committee in relation to the 2021 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 including an analysis of the level of headroom between the carrying value of the asset and the value-in-use; • 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, and the extent of sensitivity disclosures provided; and • The Committee considered the output from the sensitivity analysis performed at 2021 year-end, and in particular they noted that based on the conclusions of the impairment process completed, no impairment was identified.
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 detailed review and consideration of the disclosures is satisfied that the treatment is in line with the 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. Further details on the exceptional items identified in 2021 are included in Note 6 to the Financial Statements.
Revenue recognition Revenue is a risk given the inherent complexity of IFRS 15 accounting requirements, the nature of some customer relationships and the adjustments recorded to ensure the basis of year-end rebate provisions are appropriate.	• 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.
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 our tax structures and controls, the ongoing management of our system of operation, evolving tax legislation and the status or outcome of any tax authority reviews conducted during the financial period; • The Committee considered the impact of the Group financing arrangements and the Group's compliance with the legislative requirements in this area; • The Committee also received a presentation from our external professional advisors on the operating effectiveness of our system of operation; • 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.

Audit Committee Report continued

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 wrongdoing 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.

The Committee 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 proposed audit fee and the approval of the terms of engagement for the audit. Particular consideration was given to the planning considerations associated with developing a hybrid audit plan to ensure the delivery of a robust audit within the required timelines through a combination of remote and in-person meetings, subject to any changes in Covid-19 restrictions. 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 some of the testing on-site, with alternative procedures conducted.

The Committee discussed with Deloitte the evolving regulatory requirements for environmental, social and governance reporting and the recent corporate governance updates including:
- FRC and IFRS technical updates and commentary;
- UK Corporate Governance Code requirements;
- investor and regulator expectations in relation to the disclosure of the financial and other impacts arising from the pandemic; and
- the increasing importance of climate related matters including performance management.

The Committee also received updates from the statutory Auditor at its meetings in December 2021, January 2022 and February 2022.

Independence and objectivity 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;
- monitors the nature and extent of services provided by the statutory Auditor through an annual review of fees paid for audit and non-audit work;
- 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. For the 2021 audit, Emer O'Shaughnessy replaced Kevin Sheehan as the Group lead audit engagement partner. Emer shadowed the 2020 audit process to help ensure a smooth audit transition; and
- requests the statutory Auditor to formally confirm in writing that they are in compliance with relevant ethical and professional guidance and that, in their professional judgment, they are independent from the Group. This confirmation process also provides examples of safeguards that may, either individually or in combination, reduce any independence threat to an acceptable level.

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 continues to be effectively implemented.

Effectiveness
The Group Finance Director confirmed that the feedback from the Group and subsidiary finance executives, who had the most interaction with Deloitte Ireland LLP in 2021, 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 smooth transition of lead audit partners, the quality of planning, delivery and execution of the audit;
- effectiveness of communications between management and the audit team;
- the quality of the reports and presentations received;
- the robustness of the challenge provided, particularly in relation to judgmental and complex areas as well as demonstrating professional scepticism and independence;
- their technical insight; and
- their demonstration of a clear understanding of the Group's business and its key risks.

The Committee's conclusion that the external audit process was effective was conveyed to the Board.

Environmental, Social and Governance Committee Report

DELIVERING ON OUR **PURPOSE**

Donard Gaynor
Environmental, Social and Governance Committee Chairman

As the world faces extraordinary challenges – from climate change to food insecurity – delivering on our purpose is more critical than ever before.

Committee members and Committee tenure

	Appointed to the Committee	Number of full years on the Committee
D Gaynor (Chair)	17 Jun 21	<1
P Coveney	17 Jun 21	<1
J Murphy	17 Jun 21	<1
S Talbot	17 Jun 21	<1

Terms of reference

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

See page 81, 82 and 84 for more information on current Environment, Social and Governance Committee members.

Key Responsibilities

- Assisting the Board in defining and regularly reviewing the strategy of the Company and its subsidiaries (the "Group") relating to Environmental, Social and Governance ("ESG") matters and in setting relevant key performance indicators;
- Developing and reviewing regularly the policies, programmes, codes of practices, targets and initiatives of the Group relating to ESG matters ensuring they remain effective and up to date and consistent with good industry practice;
- Providing oversight of the Group's management of ESG matters and compliance with relevant legal and regulatory requirements, including applicable rules and principles of corporate governance, and recognised international standards;
- Reviewing the quality and integrity of internal and external reporting of ESG matters and performance to ensure that the Group provides appropriate information, complies with reporting obligations and meets international reporting standards and is transparent regarding its ESG related policies with the investment community;
- Reporting on these matters to the Board and, where appropriate, make recommendations to the Board; and
- Reporting as required to the shareholders of the Company on the activities and remit of the Committee.

Environmental, Social and Governance Committee Report continued

Dear shareholder,

As chairman of the ESG Committee, I am pleased to present to you the work of the Committee for the year ended 1 January 2022. I would suggest that this report is read in conjunction with Our Sustainability section on pages 52-60 and Our People section on pages 18-25 which provides further information on Glanbia's ESG activities.

Our global sustainability strategy (as outlined on pages 52-53) sets out our clear priorities based on the most material topics to our business (refer to the materiality matrix within the Strategic Report on page 24). We identified climate change, energy, water, waste and packaging as our most material environmental issues. Under our social pillar we are focused on inclusion for all with particular emphasis on diversity equity and inclusion. The below table highlights the key activities of the Committee during 2021 and outlines the main focus areas for the year ahead.

Climate change

Despite the ongoing impact of COVID-19 experienced during 2021, we remained committed to the global fight against climate change. Climate change is the defining issue of our time, as highlighted during last Novembers United Nations Climate Change Conference 'COP26' in Glasgow. It has continued to move up the agenda for our stakeholders (refer to 'Our stakeholders' page 25), as well as for the wider population as a whole.

A responsible climate change strategy focuses on adaptation as well as mitigation. As outlined within our Task Force on Climate-related Financial Disclosures (TCFD) Report pages 61-66, Glanbia recognises the importance of identifying the climate-related risks and opportunities that face the Group from a physical and transition risk standpoint. A number of mitigation and adaption measures have been identified by management and there is a firm commitment to carry out further analysis during 2022, which will be used to inform our business strategy.

Diversity, Equity and Inclusion (DE&I)

Glanbia is deeply committed to our DE&I vision to advance a culture where we celebrate individuality knowing that 'Together We Are More', which sums up our perspective on the importance of an inclusive organisational culture. 2021 was the first year of a multi-year strategy to meet our set ambitions. In 2022 we will continue implementation of this strategy and also measure our success against defined targets.

Membership

The Committee comprises of myself as Chair, the Group Managing Director, and two non-executive directors. Two members constitute a quorum. The Group Secretary acts as secretary to the Committee. In addition the Group Chief ESG Officer holds a standing invitation to attend Committee meetings. At the request of the Committee, members of the Executive Committee, senior management team and external advisers may be invited to attend all or part of any meeting, as and when appropriate. As Chair I report to the Board after each meeting on the nature and content of our discussion, recommendations and any actions to be taken.

I would also refer you to the chart on the next page which provides an overview of the ESG governance structure and related roles and responsibilities, including those of this Committee.

Review of 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 Committees are satisfied that the Committee is functioning effectively and is meeting its terms of reference.

On behalf of the ESG Committee
Donard Gaynor
ESG Committee Chairman

Key activities of the Committee during 2021

The main focus areas for the Committee during 2021 was monitoring the roll out of our 'Pure Food + Pure Planet' Group Sustainability Strategy which was approved by the Board at the start of 2021.

The following areas were prioritised in year one of the strategy

- Appointment of Chief ESG Officer, core central team and Business Unit (BU) sustainability leads;
- Emission related targets across Scopes 1,2 and 3 validated by the Science Based Target initiative (SBTi);
- Third-party audits of energy and water management at manufacturing sites;
- DE&I year one strategy actions rolled out;
- Executive ESG Working Group, DE&I Committee, Functional Leadership Teams in place;
- Group-wide Women's Employee Resource Group (ERG) launched;
- ESG targets introduced into Executive Directors and Group Executive STIP and LTIP incentives;
- Reviewed the climate-related risks and opportunities, a key output of the TCFD disclosure preparation, facilitated by The Carbon Trust; and
- Monitored performance against agreed targets and commitments.

Focus areas for 2022

In 2022 we intend to accelerate our ESG initiatives to commence a meaningful shift in the roadmap to strategic targets.

Environmental

- Focus on renewable energy procurement;
- Develop comprehensive business plan based on energy audits;
- Build upon TCFD process, including quantification analysis;
- Establish US farm emission programme with key partners;
- Establish water & waste efficiency programme; and
- Roll out GPN sustainable packaging programme.

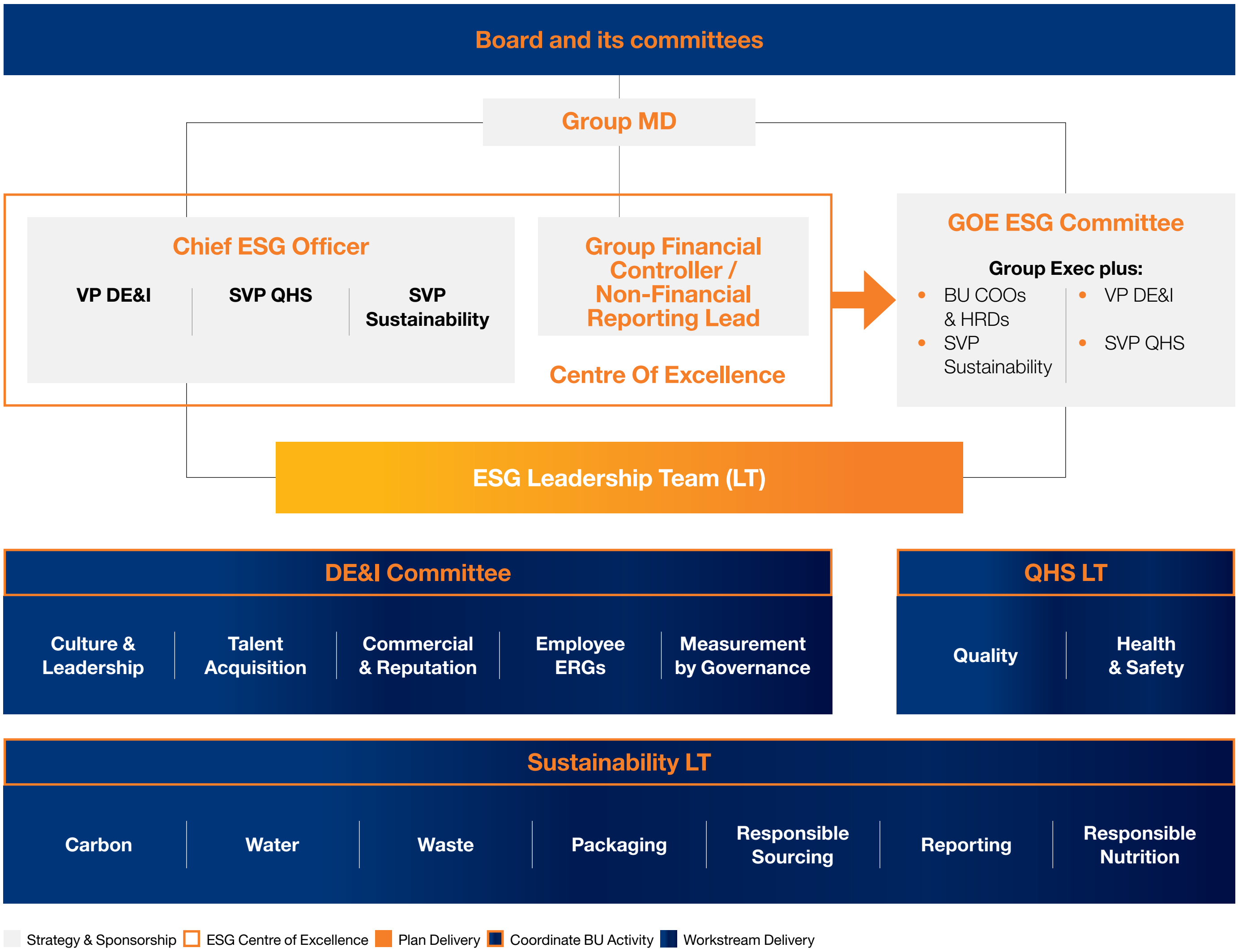
Social

- Roll out DE&I training programmes for leaders and Group-wide management;
- Introduce new ERGs (LGBTQ+, Multi-cultural);
- Revise diversity target setting; and
- Enhance data capture to support insights/decisions.

Governance

- Ensure greater focus on sustainability and DE&I culture within organisation;
- Implement Board and Senior Executive ESG training;
- Refresh ESG related policies and Code of Conduct to underpin organisational commitments;
- Complete disclosure requirements roadmap; and
- Extend ESG targets to all LTIP participants (E metrics) and DE&I targets introduced into all ELT level STIP incentives.

ESG governance structure



ESG Committee – is responsible for providing overall strategic guidance to the Group's ESG programme. This includes the Group's actions to address climate-related matters by assessing the Group's environmental strategy and results, as well as how the Group adapts its business strategy taking into account potential climate risks and opportunities. Approving recommendations from the Group Operating Executive ESG Committee in respect of the key ESG issues and related objectives that are material to the Group as a whole.

Group Operating Executive (GOE) ESG Committee – comprising of the BU Chief Operating Officers (COOs), Human Resource Directors (HRDs), the Senior Vice President (SVP) of Sustainability, Vice President (VP) of DE&I and the VP of Quality Health Safety (QHS), is responsible for delivery of the ESG Strategy including providing the appropriate resources and support to ensure integration and achievement of our climate related targets.

ESG Centre of Excellence (COE) Group – is responsible for providing expert advice and direction in respect of ESG strategy, supporting the BUs in achieving their net zero pathways and in delivering the overall Group ESG strategy, monitoring performance and keeping the Board and GOE ESG Committees informed on areas of required focus and progress made.

ESG Leadership Team – is a cross functional working group which includes ESG subject matter experts at a Group and BU level, with input from wider Group functions including Group Finance, Corporate Affairs, Investor Relations, IT and Procurement. This Group is responsible for designing and coordinating ESG activation plans, including collaborating to ensure we are monitoring delivery of our ESG commitments, including climate related targets, and to identify and manage the related risks.

DE&I Committee – are Group and BU representatives responsible for advancing our DE&I strategic pillars and delivering the Group-wide strategy and BU specific activity.

QHS Leadership Team – are subject matter expert teams comprised of senior representatives in Quality, Food Safety and Health and Safety respectively, from the BUs and Group. These teams are responsible for developing programmes, action plans, and reporting standards to achieve Group wide ESG strategic deliverables.

Sustainability Leadership Team – includes Group and BU representatives, in conjunction with the respective BU workstream teams for Carbon, Water, Waste, Packaging, Responsible Sourcing and Responsible Nutrition are responsible for delivering BU objectives aligned to the Group-wide strategic intent and principles.

Nomination and Governance Committee Report

WORKING TOGETHER

Donard Gaynor
Nomination and Governance Committee Chairman

Focusing on Board succession and the development of governance structures and an inclusive and diverse high performing leadership team to meet the Group's strategic objectives now and for the future.

Committee members and Committee tenure

	Appointed to the Committee	Number of full years on the Committee
D Gaynor (Chair)	12 Dec 14	7
R Brennan	20 Jan 21	1
P Coveney*	23 Feb 16	5
D O'Connor	12 Dec 14	7

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

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.

See pages 81 and 82 for more information on current Nomination and Governance Committee members.

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 reappointments to the Board;
- Recommending to the Board the membership and chairmanship of the Audit, Remuneration and ESG 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.

Dear Shareholder,

On behalf of the Board and the Nomination and Governance Committee (the 'Committee') it's my pleasure to present the Nomination and Governance Committee Report for the year ended 1 January 2022.

At the heart of every organisation are its people and its culture. The Committee has the very important role of setting the framework for the development of a diverse, inclusive, high-performing Board, leadership team and workforce who have an affinity to the Group's culture now and for the future. In this regard, the Committee keeps Board composition under constant review, continuously evaluating the composition, balance and performance of the Board and of its Committees, identifying and recommending to the Board the appointment of new Directors and Committee members to ensure that the Board and its Committees are comprised of an appropriate balance of independence, skills, knowledge, experience and diversity so that they are effective in discharging their responsibilities and in having oversight of all matters relating to corporate governance.

The Committee also identifies the leadership needs of the Group, overseeing talent and succession plans for senior roles and monitors the Group's compliance with, and approach to, all applicable legal, regulatory and guidance related to corporate governance matters.

As Glanbia moves forward with its growth strategy, I will work with my fellow Directors on the Nomination and Governance Committee to ensure our Board continues to comprise a mix of people who have diverse backgrounds, experiences, cultures, perspectives and deep knowledge of our business segments to adequately support the Group's activities and strategic direction.

Focus for the year

The Committee's areas of focus in 2021 were the review of the composition of the Board to facilitate the appointment of additional Independent Non-Executive Directors, the extension of my tenure as Group Chairman, the selection and appointment of Paul Duffy as a new Independent Non-Executive Director, the search for a seventh Independent of the Society Non-executive Director, an internal Board evaluation, ongoing succession planning and oversight of the Board's Diversity, Equity and Inclusion ('DE&I') ambitions, each of which are dealt in more detail in the following pages.

Glanbia Co-operative Society Limited representation changes

The composition and size of the Board was reviewed in early 2021 and on 23 February 2021 Glanbia Co-operative Society Limited (the 'Society') took a strategic decision to reduce the Society's representation on the Board (from seven to three in 2023) 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 from 15 to 13 by 2023, further details of how this will be implemented are contained on page 115.

Group Chairman succession

On 8 October 2020, in accordance with the Relationship Agreement between the Company and the Society described on page 99, I accepted the apppintment as first independent of the Society Non-Executive Group Chairman until no later than the 2022 AGM. On 11 August 2021, the Board extended my tenure as Group Chairman until 2025. I recused myself from the Group Chairman succession approval process which was led by the Senior Independent Director. The Board and Committee were satisfied that, under provision 19 of the UK Corporate Governance Code, my extension was appropriate, the reasons for which are set out on page 80.

2021/2022 Non-Executive Director changes

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 are set out on page 82. For information on the process followed in respect of Paul's recruitment see page 116.

At the conclusion of the 2021 Annual General Meeting ('AGM'), Martin Keane retired from the Board. In line with the Relationship Agreement, as revised, Martin Keane will be replaced by an Independent Non-Executive Director.

On 24 February 2022 Patrick Coveney informed the Board that he will step down as Non-Executive Director of Glanbia plc effective 30 March 2022. Additionally, in line with the Relationship Agreement, Vincent Gorman, Society Nominee Director, will retire from the Board at the conclusion of the AGM on 5 May 2022.

Our search for new Independent Non-Executive Directors continues. We remain cognisant of our ambitions and will look to strengthen our diversity of skills, knowledge and personal experiences. Gender diversity is being prioritised to enable the Company to achieve its target that 50% of the Independent of the Society Non-Executive Director appointments be female.

Board evaluation

During 2021 in line with our agreed triennial cycle, the Committee oversaw an internal evaluation of the effectiveness of the Board and its Committees. The results of this process were positive and provided the Board with the assurance that actions from last year's external evaluation were progressing well and the Board concluded that it was operating effectively. The evaluation process also allowed the Board to identify opportunities for it to further improve its effectiveness. A number of actions were agreed which will be implemented during the current year. These are designed to drive Board effectiveness as the Group continues to grow and develop.

Information on the evaluation process and a summary of the outcomes of the Board evaluation and the areas of focus for 2022 arising therefrom are set out in more detail at page 100 of this report.

Committee changes

There were a number of changes to the membership of the Board Committees in 2021 which were driven directly by the changes in the composition of the Board between 2020 and 2021.

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 a former Remuneration Committee member of Costain Group plc, 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.

On 17 June 2021, the Board approved the appointment of Paul Duffy as a member of the Remuneration Committee and the Audit Committee with immediate effect. Paul Duffy will succeed Dan O' Connor as Chairperson of the Audit Committee effective 7 March 2022.

Nomination and Governance Committee Report continued

At the meeting of the Board held on 20 January 2021, the Sustainability Strategy 2030 for the Group was presented and approved. In addition, the Group has committed to a diversity, equity and inclusion journey to ensure all employees can contribute fully and reach their full potential. These commitments collectively represent the Group's Environmental, Social and Governance ('ESG') goals and ambitions. A new Board Environmental, Social & Governance Sub-Committee was established on 17 June 2021 to ensure the Board has the highest level of accountability and oversight of its commitment to its Sustainability Strategy 2030 and its diversity, equity and inclusion journey. The Committee is also responsible for oversight of the Group's management of ESG matters and compliance with relevant legal and regulatory requirements, including applicable rules and principles of corporate governance, and applicable industry standards. The Committee comprises of the Group Chairman, Donard Gaynor as Chairman of the Committee, Patrick Coveney, John G. Murphy and Siobhán Talbot. The Group Secretary was appointed Secretary to the Committee.

On 24 February 2022, a new Corporate and Development Committee was established to assist the Board to assess new corporate development opportunities. The membership of the Committee comprises the Group Chairman, the Group Managing Director, the Group Finance Director, Dan O'Connor, Paul Duffy and Roisín Brennan. The Group Secretary was appointed Secretary to the Committee.

In compliance with the UK Corporate Governance Code (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.

Committee aims for 2022

In 2022, Board composition, balance and diversity, senior management succession planning and governance oversight will continue to be priorities for the Committee.

We will continue to support the Board's broader oversight of culture, diversity, equity and inclusion, talent and succession, ensuring that the frameworks through which the Board analyses and evaluates these matters are thorough and robust. Additionally, the Committee will oversee the Board evaluation process and monitor progress against the findings from the most recent internal evaluation and will continue to lead Non-Executive Director search activity, as required, in accordance with the amended Relationship Agreement and Glanbia's well-established succession plans.

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

Diversity, Equity and Inclusion

At Glanbia we believe our organisation has strong values where everyone who shares our purpose has a place and equal opportunity regardless of ethnicity, religion, colour, gender, sexual orientation, nationality or any other personal characteristics.

We are committed to fostering a truly inclusive culture that rejects any forms of racism and other discrimination, where talent and individuality is nurtured, where everyone feels that they belong, are valued, respected and appreciated for who they are as individuals and the diverse perspectives they bring to Glanbia and that they have equal opportunities to thrive.

Critical to our success is ensuring a culture that complements the delivery of our strategy. The Board continues to focus on engendering a corporate culture that is more diverse, equitable and inclusive and on ensuring that this aligns with the Company's purpose, values and strategy.

On 15 December 2020 a new Group Diversity, Equity and Inclusion strategy was approved by the Board.

Details of our diversity objectives, policy on equity and inclusion and linkage to Company strategy and progress on achieving the objectives are contained in Diversity, Equity and Inclusion on pages 22 to 23.

Board diversity

The commercial benefits of having a diverse Board are well established. Our Board Diversity Policy is contained on page 22. We strongly believe that diversity throughout the Group and at Board level is a driver of business success. We respect, value and welcome all forms of diversity. We recruit talented Board members who have the appropriate mix of skills, capabilities and market knowledge to ensure the Board is effective. When recruiting, we look across all sectors and non-traditional talent pools, and we require diversity on our candidate shortlists. We believe that diversity, equity and inclusion are essential to our purpose of delivering better nutrition for every step of life's journey.

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 progressed this in 2020 and 2021 with two of its most recent appointments being female.

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

The Society as at 28 February 2022 owned 31.08% (32.48% as at 1 January 2022) of the issued share capital of the Company. The current composition and size of the Board reflects the 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 2022 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. In May 2021, the Society and the Company formally amended 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	Progress against agreed action
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.	Martin Keane Society Nominee Director retired from the Board on 6 May 2021. A process to identify a new Independent Non-Executive Director to replace Martin is on-going.
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.	Vincent Gorman Society Nominee Director will retire from the Board on 5 May 2022.
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 of the Society 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.	Patrick Coveney is stepping down as Independent Non-Executive Director on 30 March 2022 and a process to identify a new Independent Non-Executive Director to replace Patrick has commenced.

Governance

The Committee was in place throughout 2021 and Donard Gaynor (Group Chairman) 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.

The Committee advises the Board on significant developments in the law and practice of corporate governance and monitors the Company's compliance with corporate governance best practice (making recommendations to the Board in relation to changes and enhancements to current procedures), with particular reference to the UK Corporate Governance Code.

There was extensive engagement with shareholders during 2021 on governance matters which are detailed throughout the Board Highlights on pages 89 to 93 and Stakeholder Engagement on pages 94 and 95.

Board size, composition and renewal

Board renewal and composition is an ongoing and dynamic process. The Committee reviews Board composition and structure and the leadership and succession needs of the Group to ensure 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.

Succession planning

The Board considers oversight of succession planning as one of its prime responsibilities, assisted by the Nomination and Governance Committee. The Nomination and Governance Committee leads the process for Board appointments and is responsible for ensuring that plans are in place for orderly Board and senior management succession. In addition, the Committee ensures that the Group's governance framework facilitates the appointment and development of effective Directors and management that can deliver shareholder value over the longer term.

Nomination and Governance Committee Report continued

The Committee gives full consideration to succession planning for Directors, in particular the Group Chairman, the Group Managing Director and Group Finance Director taking into account both Group strategy and the Group's Diversity, Equity and Inclusion Strategy (which is now at the core of the Group's succession planning), as well as the challenges and opportunities facing the Group to ensure orderly refreshment of membership. This is achieved through effective succession planning.

The Committee regularly reviews the structure, size and composition of the Board and its Committees, to ensure critical skills and experience are appropriately refreshed, that continuity is maintained, and that Directors with the appropriate skills and experience and from a diverse range of backgrounds join the Board to bring fresh perspective and challenge to the Group's strategy in the markets in which it operates and the Group's delivery of that strategy. The Committee ensures that appropriate procedures are in place for nominating, inducting and evaluating directors.

The Committee is also heavily focused on the leadership needs of the Group at senior management level and regularly receives and reviews updates from the Chief Human Resources Officer. Areas of focus covered during 2021 included talent, succession, diversity, equity and inclusion, people review processes, emerging talent pipelines and learning and development initiatives. During 2021, the Committee continued to maintain its focus on the succession pipeline in the context of the Group's 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 while promoting diversity of gender and social and ethnic background to enhance diversity across its employees and executive pipeline.

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 or 2021 due to the Covid-19 restrictions, however, senior managers continued to present to the Board virtually throughout the year.

Crucial to the successful delivery of our strategy is attracting and retaining strong, diverse talent who have an affinity to our culture. Our culture is a major contributing factor to the delivery of long-term success for our stakeholders and this makes the effective internal management of that talent absolutely critical to ensuring that Glanbia's unique culture is preserved as far as possible.

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.

The Committee is satisfied that effective succession plans for Directors and senior management are in place to ensure the continued ability of the Group to implement strategy and compete effectively in the markets in which it operates in a manner that fosters the Company's culture and values.

Independent Non-Executive Director recruitment and selection process

A key element of the Committee's remit is to lead the process for Board appointments in line with the terms of the Relationship Agreement and succession plans as appropriate.

Egon Zehnder, a global management consulting and executive search firm (who does not have any other connection with the Company or the Directors) was engaged in 2020 to assist in the identification of suitable candidates for appointment as Non-Executive Directors to the Board. A Non-Executive Director 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 the Company and Board diversity with a strong emphasis placed on gender diversity. Egon Zehnder established a strong list of potential candidates for consideration, which was reduced to a shortlist for more detailed consideration and interview. Shortlisted candidates went through a two-stage video conferencing interview process meeting with the Senior Independent Director and the Group Secretary initially. Second round video conferencing interviews involving the then Group Chairman and Vice-Chairmen of the Company, the members of the Nomination and Governance Committee and the Executive Directors were undertaken. All were unanimous in their final selection of Paul Duffy and he joined the Board effective 1 March 2021.

In accordance with the amended and restated Relationship Agreement between the Company and the Society dated 23 February 2021 (the 'Relationship Agreement'), an Independent Non-Executive Director recruitment and selection process was undertaken during 2021 and continued into 2022 to identify new diverse Independent Non-Executive Directors.

It was agreed as part of the Relationship Agreement that, while the Nomination and Governance Committee will run the process to select and appoint three new diverse Independent Non-Executive Directors between 2021 and 2023 in place of the Society Nominee Directors, the Chairman and Vice-Chairmen of the Society (who will be the continuing Society Nominee Directors on the Board) would be invited to participate in the selection process for these independent positions.

The Committee defined a set of specific criteria for the three new Non-Executive Directors to be appointed between 2021 and 2023 which are set out in a role specification to determine the key skills, experience, knowledge, 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. Glanbia expects all Non-Executive Directors to demonstrate the highest level of integrity and credibility, independence of judgement, maturity, collegiality and the commitment to devote the necessary time.

It was agreed by the Committee that the first appointment to be made should prioritise gender diversity to enable the Company progress its objective to achieve its target that 50% of the Independent Non-Executive Director appointments be female and such candidate would bring the following mix of skills and experience:

- Marketing background with CEO, President, General Manager, or other commercial leader experience;
- US market experience;
- Food or wider consumer products experience; and
- Previous board experience.

A sub-Committee comprised of the members of the Nomination and Governance Committee and the Chairman and Vice-Chairmen of the Society was established to progress the Independent Non-Executive Director selection process. The Committee appointed Egon Zehnder to assist them in the identification of suitable females for appointment as Independent Non-Executive Director to the Board. Egon Zehnder had no other connection with the Group or with the individual Directors.

The Sub-Committee continues to progress the independent Non-Executive Director selection process.

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 2021 are set out in Stakeholder Engagement on page 94.

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 (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 also gives due regard to applicable legislation. 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 Brendan Hayes, John G Murphy and Patrick Murphy have each served on the Board for more than nine years (John G Murphy serving 11 years coterminously with the Group Managing Director, the longest coterminous period with a current Executive Director) and that six 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 2021 AGM were re-elected. All Directors with the exception of Patrick Coveney who retires effective 30 March 2022 and Vincent Gorman (who is not putting himself forward for re-election at the AGM) are seeking re-election at the 2022 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 Nomination and Governance Committee assesses the Non-Executive Directors' time commitment considering both the time required for Glanbia Board and committee appointments and the number and nature of the directors' external commitments. All Non-Executive Directors continue to demonstrate that they have sufficient time to devote to their present role within Glanbia. Jane Lodge stepped down as non-executive director of Costain Group plc on 6 May 2021. On 30 June 2021, with the approval of the Board, Jane became a non-executive director of FirstGroup plc. The Group Chairman continues as 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 81 to 85 provide a summary of the key skills and competencies, important to the long-term success of the Group that each Director brings to the Board.

Additionally in 2022, as in 2021, the re-election of each of the Independent of the Society Non-Executive Directors, Roisin Brennan, 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 2022 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

FOCUSING ON DELIVERING OUR STRATEGIC OBJECTIVES **AND SUSTAINING PERFORMANCE**

Jane Lodge
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 (LTIP).
- 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 1 January 2022.

This is my first Directors' Remuneration Report having taken over as the Chairman of the Committee on 1 March 2021 following the appointment of Donard Gaynor as Group Chairman. I have had the pleasure of meeting with a number of shareholders to discuss our new remuneration policy, which I refer further to below, and to receive your helpful feedback.

We welcomed two new Non-Executive Directors, Roisin Brennan and Paul Duffy to the Committee, joining on 20 January 2021 and 17 June 2021 respectively. The Committee had a full agenda for 2021 as we reviewed the Directors' Remuneration Policy to be brought to shareholders at our 2022 Annual General Meeting (AGM), the policy for senior management below the Executive Directors, considered remuneration outcomes for 2021 and operation of policy for 2022.

The Annual Report on Remuneration that sets out the operation of the Directors' Remuneration Policy in 2021 and proposed operation in 2022 with this my Annual Statement will be subject to an advisory vote at our AGM and our new Policy will be subject to a separate advisory vote.

In line with our previous remuneration policies, the 2022 Directors' Remuneration Policy has been developed to support the strategy and continued success of the business, with a primary focus on ensuring that Executive Directors and other senior executives are aligned to the experience of shareholders and wider stakeholders.

We are confident that the proposed Remuneration Policy will achieve this alignment with long-term shareholder value growth while driving performance during a sustained period of volatility.

Business performance 2021

As noted in the Group Chairman's statement, the Group turned in a strong and resilient performance in 2021, delivering growth in all aspects of the business while managing the on-going impacts of the pandemic during the year, with a continued focus on staff safety. There is no doubt that as the headwinds of the Covid-19 pandemic continued into 2021 with supply chain disruption, labour shortages and inflation in particular altering the operating landscape, Glanbia's portfolio depth and organisational focus and resilience delivered strong results.

Financial performance was excellent with Group revenues up 13.1% constant currency to €4,196.9 million and adjusted earnings per share up 22.1% constant currency to 87.15 cent. The Group's operating cash conversion was 100.2% for the year. Both business units performed exceptionally well.

Just as importantly Glanbia continued to make solid progress against its strategic objectives. The reorganisation of Glanbia Performance Nutrition(GPN) was delivered ahead of plan, Glanbia Nutritional's large scale joint venture (JV) processing facility in Michigan was commissioned on time and on budget, two acquisitions which build into adjacent strategic space were completed and, of course, the transaction to sell the Group's 40% interest in Glanbia Ireland was agreed.

Glanbia also progressed its new Environmental, Social and Governance (ESG) strategy approved by the Board in December 2020. Importantly, ESG metrics were introduced into executive remuneration in 2021 for the Group Operating Executive and will penetrate progressively deeper into the organisation in 2022 and beyond.

What was noteworthy in 2021 is the Group's resilience and capacity to stay on course despite significant volatility which is persisting. Two of Glanbia's key strengths – an ability to focus on performance delivery and prudent financial management – were crucial throughout 2020 and 2021 and no doubt will be to the fore again in 2022 and beyond.

Remuneration in respect of 2021

Executive Director base salary and benefits

Base salaries for the Executive Directors were increased by 2.5% which aligns to the increases provided to our wider employee population in Ireland. The resulting base salary for the Group Managing Director from 1 January 2021 was €1,076,250 and for the Group Finance Director €595,525.

2021 pension

The Group Managing Director and Group Finance Director pension continued at 2020 levels and will align to the rate applicable to the majority of the workforce in Ireland by the end of 2022. A review of workforce pension is ongoing.

2021 Annual Incentive

The Group Managing Director and Group Finance Director continued to participate in the annual incentive plan in 2021 based on a combination of business (70% weighting), strategic (20% weighting) and ESG (10% weighting) objectives, with target and maximum payments remaining at 75% and 150% of base salary.

Overall the Group exceeded its maximum target for Adjusted Earnings Per Share (EPS) (22.1% growth vs annual incentive maximum of 15.9%). It also exceeded its maximum target for cash conversion (100.2% vs 90%) and performed strongly against all of its key first year objectives for ESG. The strategic objectives set for the Executive Directors have also been achieved. Accordingly the Remuneration Committee awarded the Executive Directors each an annual incentive award of 97.7% of maximum calculated on a formulaic basis in accordance with the rules of the short term incentive scheme. Given the strong financial, operational and strategic performance of the Group in a challenging year the Committee determined that discretion did not need to be applied in respect of this formulaic outcome. Full details can be found on page 130 of this report.

2019 Share Awards Vesting

The 2019 share awards over the three year performance period 2019 to 2021 focused on long-term delivery of Group EPS (40%), Group ROCE (40%) and Total Shareholder Return (20%). As discussed last year in relation to the 2018 LTIP award, there were performance challenges in 2019 as well as the very significant and unforeseen Covid-19 impact having a material unexpected impact in 2020. Notwithstanding the very significant recovery in 2021, the vesting outcome for both the Group Managing Director and Group Finance Director is 21.6% for the 2019 share awards. These share awards will vest no earlier than 21 March 2022, the third anniversary of their grant. Full details on the 2019 share awards can be found on page 132.

The pandemic 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 Executive Directors in these schemes have thus been largely eroded and therefore there is reasonable concern that these incentives lack the intended impact for both motivation and retention. As part of our consultation with shareholders on our new Remuneration Policy proposals (see below), the Committee sought feedback on proposals to include additional stretch EPS targets for 2021 and 2022 for each of the 2019 and 2020 awards respectively which if achieved would result in enhanced vesting aligned to actual vesting for other management participants.

The Committee listened carefully to feedback and, as a result, the 2019 award has vested as normal and there are no changes proposed to the 2020 award at this time. The Committee does however reserve the discretion to revisit the matter again in early 2023 in relation to the 2020 award, taking into account the timing of the setting of targets for the 2020 award which was only weeks before the pandemic, the shareholder experience and the wider holistic performance and strategic progress of the business and its operating environment over the period 2020–2022. The Committee will consider whether it is appropriate to exercise any discretion at that time such that Executive Directors are treated equitably compared to other management participants in the 2020 LTIP award. In such circumstances the Committee will consult with major shareholders in advance of exercising such discretion.

2021 Share Awards

Awards were made under the LTIP scheme to the Group Managing Director and Group Finance Director during 2021. These awards were made in line with the existing Remuneration Policy (i.e., grants of 250% and 200% of salary for the Group Managing Director and Group Finance Director respectively). Performance and vesting will be determined by the key Group performance metrics of adjusted EPS, ROCE, relative TSR against the STOXX Europe 600 Food and Beverage Index, and ESG metrics. The 2021 LTIP grant marked the first time the Group has incorporated an ESG measure into the LTIP, and for the 2021 grant the environmental metric is focused on initiating new programmes to reduce carbon emissions as well as baselining and target setting for water, waste and packaging.

Given the continuing challenging and uncertain environment due to the Covid-19 pandemic the Committee carefully monitored the situation and fully considered the appropriate target range for EPS and ROCE to ensure they were appropriately challenging and supported long-term growth. The targets were announced in March 2021 by way of a regulatory announcement.

Remuneration Committee Report continued

2021 other benefits
In addition to the benefits that were paid in 2020, the Committee agreed additional benefits, which the Group discussed with shareholders during the consultation process for the 2022–2024 Directors' Remuneration Policy. These include an annual accommodation allowance for the Group Managing Director and a tax equalisation benefit for the Group Finance Director. Further details are set out on page 129 of this report.

Our new Directors' Remuneration Policy and Executive Director remuneration for 2022

Background and Context
We explained in last year's Remuneration Report that we had extended the Directors' Remuneration Policy by one year and the Committee committed to undertake a comprehensive review during 2021. The in-depth review took place and I engaged with our largest shareholders to seek their feedback on the policy proposals.

Glanbia's focus is on delivering growth and full execution of our strategy. With a robust financial base and strong operational delivery, the Group is well positioned to pursue market opportunities while navigating the current headwinds of general inflationary pressures, supply chain disruption, labour shortages and continuing turbulence from the pandemic. The ethos of financial discipline has resulted in strong cash conversion metrics and, leveraging the strength of the Group's balance sheet, the Board and management's approach now is to deliver sustained strong year-on-year growth organically and through mergers and acquisitions.

The Committee is mindful that our incentive schemes play an important role in driving and rewarding performance. It is within this context that the Committee has reviewed the current policy so as to continue strong alignment between executive and shareholder interests and incentivise the delivery of strategy.

Our new policy provides a simpler incentive mechanism with more weighting to annual bonus and focus on annual target setting with longer-term shareholdings, while maintaining a focus on shareholder alignment through delivery in shares. Total incentive quantum remains the same.

Shareholders who provided feedback were overall supportive of our proposals, subject to reviewing the details of the final proposals and the Committee clearly setting out the context and rationale for the changes being made and how the new policy ensures continuing focus on longer -term performance and alignment to shareholders. The feedback received from shareholders was considered fully in the finalisation of the policy proposals.

Rationale for our policy proposals
The Committee's policy development sought to satisfy a number of objectives:
- Ensure that the remuneration policy is simple and clear and appropriately incentivises management to deliver the objectives set by the Board on behalf of shareholders.
- Recognise that the current operating environment is unprecedented and evolving and requires management to be agile and responsive to the volatility created by inflation, supply chain disruption and other effects of the pandemic. For example, it is noteworthy that as we were consulting with shareholders on the policy options, neither the Omicron variant nor the emergence of persistent inflation were visible, such is the dynamic nature of the current environment.
- Align to our business strategy over the coming three-year period as we continue to leverage the benefits of our significant transformation programme in GPN and execute our growth strategy in our GN business. The Committee believes it is a business imperative to incentivise management to drive strong year-on-year growth over the next policy period, as well as embed and sustain new ways of working after significant organisational changes in recent years, leading to longer term sustainable performance.
- Address the difficulty in setting longer-term targets in the current period of global economic uncertainty, whereby short-term volatility factors in a given year can disproportionately impact multiple long-term awards and thus fail to adequately reflect management's success in strategically leading and managing the business over the longer term.
- Ensure continuing alignment between Executive remuneration, wider shareholder experience and longer term sustainable performance through an increased deferral into shares.
- Enable the Committee to be more agile in calibrating performance targets for the majority of the variable remuneration. This will assist the Committee to refocus objectives over shorter timeframes as well as resulting in a stronger link between management performance and reward and sustaining the alignment with shareholders.

In considering how our new policy operates we have ensured that:
- The structure of the targets and metrics for our short term and long term incentives align with the business strategy, comprising mainly financial measures with robust, objective and measurable strategic targets, including ESG, aligned to the key priorities of the business.
- Remuneration is aligned with the Group's strategy to address climate change in particular and foster an inclusive culture and a balanced and equitable workplace.

We will ensure that there is appropriate disclosure of the annual bonus targets that were set, of the performance against targets and the overall bonus payable, in each Directors' Remuneration Report.

The Committee retains its discretion to adjust formulaic incentive outcomes, if for example it considers bonus outturn is not reflective of overall longer-term performance and the shareholder experience.

There is further information about our choice of performance metrics and our approach to target setting below and in the relevant sections of our Annual Report on Remuneration.

Summary of policy proposals
Our new policy is an evolution of our existing policy with specific changes as follows:
- Increased emphasis on share based remuneration, longer term sustainable performance and alignment to shareholders for Senior Executives with no increase in overall incentive quantum;
- Significant increase in annual bonus deferral requirements, whereby 50% of all annual bonus earned will be deferred into shares;
- Rebalancing of incentives to put more emphasis on achieving year-on-year performance delivery and achievement of strategic objectives;
- Annual incentive maximum opportunity increased from 150% of salary, to 250% and 200% of salary for the Group Managing Director and Group Finance Director respectively. Annual target payout continues at 50% of maximum opportunity;
- Corresponding reduction in LTIP award levels to 150% from 250% and 200% of salary for the Group Managing Director and Group Finance Director;
- No change to base salary positioning;
- Increased weighting of ESG metric in LTIP to correspond with removal of TSR metric to support delivery of key emissions and environmental targets that are key to our strategy;
- Increase in the Group Finance Director's shareholding requirement.
- Introduction of a post-employment shareholding policy for both Executive Directors;
- Alignment of incumbent Director pension to the workforce effective by the end of 2022; and
- Updating of clawback and malus provisions.

Operation of our new policy for Executive Directors for 2022
Further details about our 2022 incentives are set out below. The new policy will be provisionally applied pending the outcome of the shareholder advisory vote at the forthcoming AGM.

Executive Director base salary
The base salary of the Group Managing Director and the Group Finance Director will increase by 2.8% to €1,106,385 and €612,200 respectively, effective 1 January 2022, in line with the standard increase for other employees based in Ireland.

Executive Director pension
The pension 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.

Executive Director benefits
There will be no changes to benefits from 2021.

2022 Annual Incentive
The performance metrics and weightings for the Group Managing Director and Group Finance Director remain the same as for the 2021 Annual Incentive, being 50% EPS, 20% Cash Conversion, 20% strategic metrics and 10% ESG. As mentioned above under the new Remuneration Policy, which is subject to a shareholder advisory vote, if approved by shareholders, there is an increased weighting to the Annual Incentive and equivalent reduction in the LTIP award level. The target Annual Incentive opportunity is 125% and 100% of salary for the Group Managing Director and Group Finance Director with maximum payment of 250% and 200% for the Group Managing Director and Group Finance Director respectively. The targets for the Annual Incentive will be disclosed retrospectively in next year's Remuneration Report. The Committee is comfortable that the targets set for 2022 reflect our business planning and are appropriately stretching relative to prior years and taking into account the reweighting to Annual Incentive given the current commercial circumstances. As already stated, 50% of the Annual Incentive will be deferred into shares over three years.

2022 Share Awards
Subject to a shareholder advisory vote, the share award levels for the Group Managing Director and Group Finance Director will be 150% of salary. Performance and vesting will be determined by the key Group performance metrics of adjusted EPS 40%, ROCE 40% and ESG metrics 20%. Full details on weightings and performance conditions as well as targets are set out on page 137.

Non-Executive Director Remuneration
As part of the Directors' Remuneration Policy review, consideration has been given to the structure and fee levels for the Non-Executive Directors.

We are making an amendment to our Non-Executive Directors' Remuneration Policy to ensure the Board has sufficient flexibility to appoint individuals with appropriate skills and experience in the markets within which we operate including North America. The amendment enables the Company to provide a travel allowance to compensate Non-Executive Directors for additional time required to travel on Company business as a result of their location. For the time being this travel allowance will be structured as an annual allowance payable to US based Non-Executive Directors.

Non-Executive Director fees (excluding the Group Chairman) have been reviewed as part of the Directors' Remuneration Policy review, noting that the last review was in 2018. Modest increases have been made to the Non-Executive Director base fee and the fee for the Senior Independent Director (SID) and Committee Chair.

Where an individual holds both the role of SID and Committee Chair, two fees will be paid reflecting the time commitment of holding both of these roles.

The Group Chairman fee was not included in the wider Non-Executive Director fee review. It has instead been increased to align to the increase in salaries for the Executive Directors and workforce in Ireland. This approach of annual workforce aligned increases will be applied to all Non-Executive Director fees with effect from 2023. Further details are set out on page 138.

Disposal of Glanbia plc's interest in Glanbia Ireland
The Board was very pleased to announce the proposed disposal of Glanbia plc's interest in Glanbia Ireland DAC to Glanbia Cooperative Society Limited. The announcement marks the culmination of our management team's hard work in achieving the disposal but also their focus on driving our ongoing strategy of alignment of Glanbia's portfolio and increasing focus on global nutrition.

The Committee has considered the implications of the disposal on inflight incentives and intends, given the exceptional nature of the disposal, to adjust the inflight LTIP awards made in 2020 and 2021 such that the performance conditions measure continuing businesses only and take no account of either the gain or subsequent earnings impact of the disposal event. It is not expected that such an adjustment will have any material impact on vesting of these inflight awards compared to a scenario where the disposal had not taken place at all.

Conclusion
The Committee is satisfied that the remuneration decisions in respect of 2021 reflect the operational and financial performance of the Group in the year.

Having consulted with shareholders and listened to their feedback, the Committee strongly believes that the new Remuneration Policy, as now proposed, will incentivise the delivery of superior strategic, operating and financial performance and is the appropriate approach in periods of volatility.

The Committee is confident that the significantly increased annual bonus deferral into shares combined with LTIP awards, increase in the Group Finance Director's shareholding requirement and the implementation of a post-employment shareholding for both Senior Executives ensures continued focus on the longer-term and alignment with shareholder interests.

I look forward to receiving your support for both our new Remuneration Policy and the Annual Report on Remuneration and my Annual Statement at our 2022 AGM.

I am available through our Group Secretary if you wish to engage with me prior to our 2022 AGM.

Jane Lodge
Remuneration Committee Chairman

Remuneration Committee Report continued

Remuneration Committee Governance

The Remuneration Committee comprises the Group Chairman who was independent on appointment and four Independent Non-Executive Directors, of whom two members constitute a quorum. The Committee is chaired by Jane Lodge, a former Non-Executive Director and Remuneration Committee member of Devro plc and Sirius Minerals plc and former Senior Independent Director, Audit Committee Chair and Remuneration Committee member of Costain Group plc.

The Group Managing Director, Group Finance Director and the Chief Human Resources Officer 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.

Committee members and Committee tenure

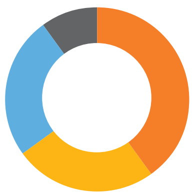
	Appointed to the Committee	Number of full years on the Committee
J Lodge (Chair)*	14 Dec 20	1
R Brennan	20 Jan 21	1
P Duffy	17 June 21	<1
D Gaynor*	13 May 14	7
D O'Connor	1 Dec 14	7

* J Lodge succeeded D Gaynor as Chairman of the Committee effective 1 March 2021.

See page 81 to 83 for more information on current Remuneration Committee members

Allocation of time

- Framework and Policy 40%
- Annual Incentive Plan 25%
- Long-Term Incentive Plan 25%
- Total Compensation Package 10%



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 premium 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 was appointed as Remuneration Advisers in 2019. Korn Ferry, which does not have any connection with any Directors of the Company, provide advice to the Committee which supports robust and sound decision making. Korn Ferry is a member of the Remuneration Consultants Group and signatory to its Code of Conduct. While Korn Ferry provides other people-related services to the Group, the Remuneration Committee is satisfied that its remuneration advisers act independently. Korn Ferry fees for advising the Remuneration Committee during 2021 were €133,930.

The Committee is committed to strong and effective engagement with our shareholders and to provide remuneration reporting disclosures that effectively explain our remuneration decisions. 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 in terms of operation of that policy. Furthermore, through the advice of its independent external Remuneration Advisers, Korn Ferry, the Committee monitors and incorporates, as appropriate, best practice developments in respect of executive remuneration. During 2021, the Committee operated within the Directors' Remuneration Policy 2018 to 2021 which received 99.83% approval of shareholders at the AGM on 25 April 2018.

Directors' Remuneration Report results at 2021 AGM

Resolution to receive and consider the Directors' Remuneration Report for the year ended 2 January 2021

For	%	Against	%	Total excluding withheld	%	Withheld	%	Total including withheld	%
171,016,506	99.75%	420,026	0.25%	171,436,532	100.00%	11,628	0.01%	171,448,160	100.00%

Directors' Remuneration Policy results at 2018 AGM

Resolution to receive and consider the Directors' Remuneration Policy 2018–28–2020 (extended to 2021)

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 2022 – 2024

The 2022 Remuneration Policy will apply to the Group's Directors. Under Section 1110M of the Irish Companies Act 2014, the Company is required to obtain shareholder approval of its Directors' Remuneration Policy every four years, or sooner if changes are required. UK regulations require a new policy to be brought to shareholders every three years or sooner if material changes are required.

The decision-making process which has been followed to develop the Remuneration Policy and operation of Policy is set out in the Chairman's Annual Statement on Remuneration and the section above on Remuneration Committee Governance and is incorporated into the Remuneration Policy by reference.

The proposed Remuneration Policy will be subject to a shareholder advisory vote at the 2022 AGM and is expected to apply for a three year period. The Committee may under Irish regulation extend the Policy by one-year and seek shareholder approval to a new Policy after a four year period if this is deemed appropriate.

Remuneration strategy, policy, and purpose

The Directors' Remuneration Policy has been developed to attract, retain and motivate 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 their interests 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 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 26 and 27, underpin the selection of performance criteria used within the incentive arrangements. In the operation of policy section we have provided specifics in summary form on the individual elements of the remuneration packages for Executive Directors, including personal objectives.

Factors considered when developing the Remuneration Policy

The Committee considered the following factors when reviewing the existing remuneration policy and subsequently developing the proposed Directors' Remuneration Policy outlined below:

- **Clarity** – All elements of the Remuneration Policy and its implementation is set out clearly in the Directors' Remuneration Report.
- **Simplicity** – The Policy is simple and straightforward with the structures used being common across listed companies.
- **Risk** – The Policy has been developed so that incentive structures discourage inappropriate risk taking through use of long-term incentives, the balance of measures used to determine variable remuneration outcomes, and through features such as shareholding requirements and malus and clawback.
- **Predictability** – The Policy has been constructed to have clear limits on the variable remuneration payable, with the scenario chart later in this report providing illustrative examples of how the Policy may operate in practice.
- **Proportionality** – There is a sensible balance between fixed and variable pay, and variable remuneration is appropriately structured to sustainable long-term performance.
- **Alignment to culture** – Through the assessment of financial and non-financial performance, executives are incentivised to achieve performance in a way that aligns to Glanbia's values and culture.

Remuneration Committee Report continued

Summary of changes being made to current 2018 – 2021 Directors' Remuneration Policy

The table below summarises the substantive changes to the Directors' Remuneration Policy which are being brought to shareholders for approval at the 2022 AGM. The entire Remuneration Policy can be found on pages 123 to 128.

Policy element	Change to current policy	Rationale
Benefits	• Addition of wording to make it clear that benefits are not limited to those specified as examples in the policy.	• To provide clarity of current policy and ensure the Committee has sufficient flexibility to provide appropriate benefits based on market practice and specific circumstances.
Short-Term Incentive Plan (STIP)	• Maximum opportunity increased from 150% of salary to 250% and 200% of salary for the Group Managing Director and Group Finance Director respectively (with equivalent reduction in LTIP award levels). • Increased deferral of bonus paid in shares with a holding requirement. 50% of all bonus earned will be deferred into shares, with 30% released after 2 years and 20% after 3 years.	The rationale for the rebalancing of incentives to place greater weighting on the Annual Incentive is: • Alignment to business strategy over new Policy period, to drive strong year on year performance and growth over the next 3 years, as well as embed and sustain new ways of working post significant organisational changes in recent years. • To reduce reliance on the LTIP because of the difficulty in setting longer-term targets, whereby short-term external volatility factors in a given year can disproportionately impact multiple long-term awards and thus fail to adequately reflect management's success in strategically leading and managing the business over the longer-term. • To take account of the current environment where the pandemic and its effects continue to disrupt supply chains, markets and consumer behaviours, introducing additional volatility outside management control and potentially impeding visibility of performance over a longer timeframe. • To enable the Committee to be more agile in recalibrating performance targets for the majority of the variable remuneration, enabling the Committee to refocus motivation on an annual basis as well as resulting in a stronger link between management performance and reward, with a natural reduction in the impact of external factors. • The increase in weighting towards the short-term performance is coupled with significantly increased deferral under the Annual Bonus ensuring ongoing alignment to longer-term sustainable performance and shareholder interests.
Long-Term Incentive Plan (LTIP)	• Maximum opportunity decreased from 250% and 200% of salary for the Group Managing Director and Group Finance Director respectively to 150% for both the Group Managing Director and Group Finance Director.	
Pension	• Incumbent Executive Directors from 1 January 2023 and new appointments with immediate effect, to receive a pension contribution as a percentage of salary aligned to the majority of the workforce in the country of appointment. Workforce pension is currently under review.	• To align to best practice, the UK Corporate Governance Code and to align the policy to the approach set out in the 2020 Directors' Remuneration Report.
Malus & Clawback	• Malus and clawback trigger to be updated to include corporate failure and failure of risk management.	• To align to best practice.
Remuneration Committee discretion	• The Committee may exercise discretion to adjust the formulaic outcome of incentives where it is considered appropriate.	• The Remuneration Committee already exercises discretion in respect of remuneration outcomes. This change is to formally incorporate this discretion into the policy.
In service shareholding requirement	• Group Finance Director shareholding requirement to be increased from 150% to 200% of salary. • 5-year period in which to meet the requirement to be replaced with a requirement to hold 50% of vested incentive awards after sales to meet taxes until shareholding requirement is achieved.	• To align to market practice and support alignment with long-term performance, sustainable growth and shareholder interests. • The change to retaining 50% of vested incentive awards is to encourage a gradual building of a shareholding.
Post-employment shareholding policy	• Introduction of a post-employment shareholding policy to hold the lower of shares actually held on cessation and 100% of salary for the first year following cessation of employment and 50% of salary for the second year with the discretion for the Committee to amend the requirement in exceptional circumstances. • The policy applies to shares acquired from incentive awards granted under the new policy from 2022 and does not apply to own purchased shares. • Policy to be met by retaining 50% of vested LTIPs and bonus shares granted under this policy (after sales to meet taxes).	• To align to best practice and support alignment with long-term performance, sustainable growth and shareholder interests.
Other wording changes	• Some changes have been made to clarify the policy wording.	• Some changes have been made to clarify the policy wording.
Non-Executive Directors fees	• To enable payment of a travel allowance and to note that normally increases will be aligned to the annual salary increases of the workforce.	• To ensure the Company has the flexibility to appoint Non-Executive Directors with appropriate skills and is able to compensate them for any additional time required as a result of their location to travel on Company business.

Executive Directors' Remuneration Policy

The following table sets out the Directors' Remuneration Policy for the Group's Executive Directors. The Remuneration Policy is subject to approval with a non-binding shareholder resolution at the 5 May 2022 AGM.

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 or increased complexity, usually take effect from the commencement of the relevant financial year. There is no maximum increase or maximum salary amount, however increases as a percentage of salary will normally be aligned to those of the wider workforce although the Committee may determine it is appropriate to make higher increase than this, for example, but not limited to, where there is an increase in role including responsibilities and complexities.
Pension (fixed) Retirement benefit	Provide market-aligned, affordable and sustainable retirement benefits.	Determined as a percentage of base salary. Until 31 December 2022, the Group Managing Director receives cash in lieu of pension of 26.5% of salary and the Group Finance Director participates in the Glanbia defined contribution plan with contributions of 25% of salary. Incumbent Executive Directors from 1 January 2023 and new appointments with immediate effect, to receive a pension contribution aligned to the majority of the workforce in the country of appointment.
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. Benefits to include, but not be limited to, company car or equivalent, medical/life assurance, tax equalisation payments and accommodation / relocation or other business-related allowances where appropriate.
Short-Term Incentive Plan (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. The Group Managing Director and the Group Executive Directors can earn 125% and 100% of base salary at target performance respectively and up to 250% and 200% of base salary respectively for maximum performance. Annual bonus starts to accrue at 0% for threshold performance. In relation to strategic targets the structure of the target will vary based on the nature of the target set and it will not always be practicable to set targets using a graduated scale. Vesting may therefore take place in full if specific criteria are met in full. The majority of the STIP will be based on financial metrics. The Remuneration Committee reviews and determines the metrics, weightings and calibration of targets annually taking into account the business planning process and the strategic priorities of the business. The Remuneration Committee has the discretion to adjust the formulaic vesting outcome if it deems it appropriate. 50% of any annual incentive earned is deferred into shares and once the appropriate taxation and social security deductions have been made, invested in shares in the Company. The shares are subject to a holding period, 20% is released after 2 years, and 30% after 3 years. 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 126.
Long-Term Incentive Plan (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 cannot exceed 150% of base salary. The majority of the LTIP will be based on financial metrics. The Remuneration Committee reviews and determines the performance metrics and weightings annually ensuring that they support the strategic priorities of the business. For all performance metrics, 25% vests at threshold performance and 100% vests at maximum with straight line vesting in between these points. In relation to strategic targets the structure of the target will vary based on the nature of the target set and it will not always be practicable to set targets using a graduated scale. Vesting may therefore take place in full if specific criteria are met in full. 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 select different 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. The performance conditions for each award will be disclosed in the Directors' Remuneration Report which will be subject to a general shareholder non-binding advisory vote. The Remuneration Committee has the discretion to adjust the formulaic vesting outcome if it deems it appropriate and 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 subject to sales to meet taxes. 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 on page 126.

Remuneration Committee Report continued

Element	Objective	Description, Performance Measures and Maximum Value
Shareholding Requirement Minimum share ownership requirements to be built up over time through the retention of vested incentive awards	Ensure a greater alignment with shareholders' interests.	Executive Directors are required to build a shareholding through retaining 50% of shares vesting under the annual bonus and LTIP (subject to sales to meet taxes) until the relevant shareholding requirement has been achieved. The Group Managing Director is required to build and maintain a shareholding of 250% of base salary and the other Executive Directors are required to build up and maintain a shareholding of 200% of base salary.
Post-Employment Shareholding Requirement Minimum share ownership requirements to be built up over time through the retention of vested incentive awards	Ensure a greater alignment with shareholders' interests	The lower of shares actually held and 100% of salary for the first year following cessation of employment and 50% of salary for the second year with Committee discretion to amend the requirement in exceptional circumstances. Applies to incentive awards granted from 2022, and not to shares purchased from the Executive Director's own funds. Requirement is to retain 50% of vested LTIPs and bonus shares (after sales to meet taxes) until sufficient shares held to meet post-employment requirement.

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, or where corporate failure or failure in risk management has occurred.

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 Executive Directors, the Group's policy is to provide an appropriate remuneration package to attract the right calibre of individuals taking into account the skills and experience appropriate to the role being filled, and taking into account cost and 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)	Pension contribution will be aligned to the majority of the workforce in the country of appointment unless there is specific market practice in the country of appointment and where for the recruitment of the right candidate it is considered necessary by the Committee for the executive to participate in retirement benefits applicable to their local market and in line with relevant scheme rules and Company practice.
Other benefits (fixed)	Will be considered in light of relevant market practice for the role, the benefit received by the candidate in current 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 250% (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 150% (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 addition to the above, when appointing an Executive Director, all other aspects of the Remuneration Policy such as malus and clawback and shareholding requirements will apply.

In exceptional circumstances or where the Committee determines that it is necessary for the recruitment of key executives, the Committee reserves the right to offer additional cash and/or share-based payments, to take into account remuneration relinquished including incentive awards forfeited when leaving the former employer which would reflect as far as possible the nature (delivery vehicle), time horizons and performance requirements attached to that remuneration.

The Committee's approach to this matter is to carry out a detailed review of the awards or other remuneration element 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 and in the Annual Report on Remuneration. The Committee may also, if it considers it appropriate and in the best interests of the Group and its shareholders, realign existing incentive awards to the Director's Remuneration Policy applicable at the time of appointment.

Executive Director Service Agreements
The Group's Policy is to provide rolling service contracts with a 12 month notice period. The Group Managing Director, Siobhán Talbot, and the Group Finance Director, Mark Garvey service agreements have been renewed with a rolling 12 month notice period. The Group retains the sole right to terminate with payment 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.

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 restrictive covenant agreements were put in place under the 2018–2021 Remuneration Policy and are grandfathered into the 2022–2024 policy. These agreements 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.

All new appointments will have restrictive covenant agreements incorporated into their service contracts with no additional payment in respect of these.

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. STIP payments will normally be made at the usual time.
- 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, LTIP awards lapse unless the Committee exercises its discretion to allow all or some of the Executive Director's awards to vest taking into account pro-rating for service and 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 reduce the pro-rating and vest awards earlier than the normal time). 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. For all other leavers awards will lapse.
- 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 performance and 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, payments to settle legal claims 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 2021 of €135,000. Siobhán Talbot also holds a position on the board of IBEC (Irish Business and Employers Confederation) for which she does not receive any fee. The Group Finance Director has no external directorships and no other fees earned.

Remuneration Committee Report continued

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. During 2021 the Remuneration Committee also reviewed and considered with management the remuneration policy applying to the senior management team below Executive Directors. Some changes have been made to the policy currently in place to ensure that remuneration arrangements remain competitive in the markets in which Glanbia operates, particulary for North America, and provide clear and motivating incentives for the senior management team. The changes that have been made include some refinements to the current restricted stock award structure to provide annual vesting which is market practice in North America and also to align the metrics for the LTIP awards to Group KPIs only providing an effective Group based incentive with clear line of sight to performance and reward for all participants.

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 but are not limited to 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 once the appropriate taxation and social security deductions have been made, will be invested in shares in the Company and delivered over three years following investment.
Long-Term Performance Related Incentive (variable)	The Long-Term Incentive Plan is focused on key Group financial metrics aligned to the awards made to the Executive Directors. The Remuneration Committee may also assign a portion of the share award as restricted stock over the performance period.

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.

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 resumption of in-person townhall meetings and other employee engagement activities post-pandemic, will provide an opportunity for engagement on pay related matters including executive compensation in 2022.

Elements of remuneration for Non-Executive Directors

The Remuneration Policy for the Group Chairman and Non-Executive Directors is set out below:

Element	Objective	Description
Annual Fees	Recognise market value of role, job size, responsibility and reflects individual skills and experience.	Set by reference to market rates based on an external independent evaluation of comparator companies of a similar scale and complexity. Includes a base fee for the role of Non-Executive Director and additional fees reflecting responsibilities for chairmanship of a Committee of the Board and Senior Independent Director, additional fees as appropriate for other roles and increased time commitments. The Chairman of the Board receives a single all encompassing fee. Reviewed from time to time by the Remuneration Committee and the Board with no minimum or maximum increase but where made usually aligned to annual increases in general workforce salary.
Travel allowance	To recognise the additional time commitment associated with travel on Company business.	Set by reference to market practice and market rates where comparable allowances are paid and the associated time commitment. A travel allowance may be structured as appropriate from time to time, taking into account market practice, the location of the Non-Executive Director and travel commitments, including but not limited to an annual allowance, an allowance per meeting and different allowances payable for Non-Executives based in different countries or continents.
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 and any tax payable in respect of the reimbursement, grossed up if appropriate.

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.

Section B: Directors' Remuneration Implementation Report

Executive Directors' Remuneration Elements 2021

The operation of the Directors' Remuneration Policy for 2021 is summarised in the table below.

Fixed pay 2021

Base salary, Pension, Other benefits

Base salary increase in 2021
2.5%

Annual incentive 2021

Up to 150% of base salary for maximum performance

Measured by 50% Adjusted EPS, 20% Group OCF, 20% Strategic Objectives, 10% ESG Objectives

2021 incentive payments
Group MD 97.7% and Group FD 97.7% of maximum

Long-term incentive 2021

2021 share award granted
Group MD, 250%
Group FD, 200% (% of base salary)

Measured by 50% Adjusted EPS, 30% Group ROCE, 10% TSR and 10% ESG

2019 share award vesting
21.6%
Measured by 40% Adjusted EPS, 40% Group ROCE, 20% TSR

Executive Director remuneration payments 2021

Further details of actual 2021 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	2021	1,076	–	457	807	770	387	1,533	1,964	3,497
	2020	1,050	–	349	572	–	466	1,399	1,038	2,437
M Garvey	2021	596	149	33	447	426	171	778	1,044	1,822
	2020	581	145	33	320	–	219	759	539	1,298

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, for 2021 tax equalisation for M Garvey, taxable cash in lieu of pension payments of 26.5% of salary and for 2021 accommodation allowance 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 and 2021 performance.
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.
5. For 2020, this reflects the value of the 2018 share awards to the value on the date of vest, 18 May 2021 (€14.30). Under the 2018 Long-term Incentive Plan vested awards are held for a 2 year period to April 2023. For 2021, this reflects the value of the 2019 share award which will vest on 21 March 2022, earliest, where the performance period ended on 1 January 2022. The gross value is calculated using the official closing share price on 31 December 2021 (last day of trading for the 2021 financial year) of €12.30. 2019 vested awards are held for a 2 year period from the date of vest.

Fixed pay 2021

Base salary 2021

Base salary of the Group Managing Director and the Group Finance Director increased by 2.5% to €1,076,250 and €595,525, respectively, effective 1 January 2021, in line with the increase for the broader employee population in Ireland.

Pension 2021

The Group Finance Director participates in a defined contribution retirement plan, to which contributions are made at an agreed rate of 25%.

Other benefits 2021

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, tax equalisation and relocation. All benefits are subject to normal deductions per the relevant regulations.

The Group Managing Director 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.

The role of the Group Managing Director is now substantially based in Dublin on a day to day basis during the working week whereas her home is in Kilkenny where the Group is headquartered. The Committee agreed to provide an annual accommodation allowance with effect from 2021 for dedicated accommodation in Dublin city for the Group Managing Director rather than the ongoing use of hotel accommodation and services; or commuting. While such a benefit is capable of being provided under the current policy (as a housing allowance and has previously been paid to

Remuneration Committee Report continued

Executive Directors overseas), this allowance is new for the Group Managing Director and reflects both changed work requirements and the necessity for appropriate safe accommodation. The allowance is calculated on the basis of the annual cost of a serviced apartment in Dublin city plus the related tax / BIK costs of this benefit and amounts to €100,000 gross annually.

The Committee also agreed from 2021 to provide the Group Finance Director with a tax equalisation benefit. This has arisen because the Group Finance Director is a US citizen and as such is subject to US taxation on employer Defined Contribution (DC) pension contributions in Ireland. As there is no double taxation relief for DC employer pension contributions in the current US Ireland tax treaty, the Committee resolved that it is appropriate to tax equalise the Group Finance Director in respect of his pension payments until double tax relief is provided in an updated treaty. This is consistent with the Group's overall approach managing multi-jurisdictional tax costs for employees. The Committee has not considered this matter before now as it had been hoped that double tax relief would have become available.

Annual incentive 2021

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 against strategic objectives as well as ESG objectives. 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 1 January 2022, 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, ESG and strategic performance objectives. The mix of weightings for all objectives at target reflected 15% of base salary for strategic objectives, 7.5% for ESG and 52.5% of base salary for business objectives (EPS and OCF), doubling at maximum performance to 30% of base salary for strategic objectives, 15% for ESG and 105% of base salary for business objectives. All objectives are specific and measurable, determined and communicated at the start of the financial year.

For 2021 our STIP ESG metric is focused on the execution of Phase 1 of the Group's Diversity, Equity and Inclusion (DE&I) strategy, which is to build capacity, processes and leadership skills to underpin overall strategy delivery.

Strategic 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.

The Committee considered bonuses payable based on a formulaic basis. Given the strong financial, operational and strategic performance in a challenging year, the Committee did not deem it necessary to apply discretion in respect of the formulaic determination of the bonus outcomes.

The table below outlines the 2021 annual incentive design and respective weightings for each Executive Director. It also details the 2021 performance assessment %, actual bonus to be paid and incentive payable as a percentage of maximum opportunity.

	Annual incentive weighting						
Executive Directors	Adjusted EPS	Group OCF[1]	Strategic objectives	ESG	Total	Annual Incentive opportunity as % of salary	2021 Incentive payable as a % of maximum opportunity
S Talbot	50%	20%	20%	10%	100%	0%-150%	97.7%
M Garvey	50%	20%	20%	10%	100%	0%-150%	97.7%

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 2021

The table below sets out actual performance relative to target for the Group financial measures.

Performance Assessment in 2021	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]	75.7 to 82.8 cent	87.2 cent	100%					✔
Group OCF (%)[2]	75% to 90%	100.2%	100%					✔

1. Adjusted EPS growth is measured on a constant currency basis to reflect the underlying performance of the Group. For 2021 the Executive Directors' targeted constant currency adjusted EPS of 80.4 cent with a maximum incentive achievable at 82.8 cent. The 2021 outcome was 87.2 cent adjusted to 87.3 cent when the impact of acquisitions during the year is excluded.
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 2021 the Executive Directors' target Group Operating Cash Conversion was 80% with a maximum incentive achievable at 90%. The 2021 outcome was 100.2% adjusted to 100.3% when the impact of acquisitions during the year is excluded.

ESG metric 2021

Measure/Objective	Weighting %	Maximum vesting %	Performance Assessment	% of Maximum vesting
The 2021 ESG STIP metric focused on embedding the governance, capability and core programmes to enable the evolution of a more inclusive and balanced organisation culture and increase diversity in participation at all levels of the Group, from entry level to Board.	10%	20%	The Executive Directors oversaw the launch of a comprehensive DE&I strategy approved by the Board. Both Executive Directors sponsored resources and initiatives across gender, LGBTQ+ and Multi-cultural strands which included education and awareness building initiatives, unconscious bias training for senior leadership, commercial DE&I review and establishment of a global Womens Employee Resource Group and a regional pilot LGBTQ+ and Multi-cultural ERGs. Other initiatives included a review of Talent Acquisition protocols to enhance diversity hiring for the Group.	90%

Key strategic objectives 2021

Strategic 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 strategic performance objectives for the Group Finance Director, with the Group Managing Director's strategic objectives set by the Group Chairman in conjunction with the Committee. All strategic objectives were then agreed with the Committee who monitored their progress throughout the year.

Group Managing Director, Siobhán Talbot	
Strategic objectives at maximum:	30%
Overall performance assessment:	93%
Strategic objectives bonus payout:	28%

Measure/objective	Weighting %	Performance assessment	Achievement %
Objective 1 Succession Planning and evolution of senior team. Progression of development of succession planning for the Group Operating Executive and their senior teams including individual development planning for each executive member. Progress identified capability enhancements to Group Operating Executive.	8%	Externally facilitated, assessment and development planning programme completed by key executives and development initiatives in train. Significant evolution executed at Group Operating Executive with new roles of Chief ESG Officer and Chief Corporate Development Officer appointed as well as new Chief Human Resources Officer. Robust succession planning process with Group Operating Executive members completed this year, deeper career planning development now in train for potential successors and this will be a continued focus item for 2022.	7%
Objective 2: Oversee delivery of Key Strategic initiatives for 2021. Deliver key tactical initiatives to underpin 2021 and evolve strategic priorities 1. Optimise team response and performance through Covid-19 2. Ensure top line growth in GPN and GN NS achieve targeted levels 3. Ensure targeted transformation programme savings in GPN are delivered 4. Support completion of operating model changes in GPN Americas in 2021 5. Support evolution of segment strategy in GN and GPN 6. Ensure commissioning of Michigan facility is delivered on target	10%	2021 Group performance strong across all the noted key initiatives. Group performed strongly despite the supply chain challenges that emerged in 2021 and consequent inflation headwinds. All financial metrics overachieved for FY 2021. New GPN Operating Model fully stood up and operational. GN successfully achieved all key objectives across portfolio evolution and execution of Michigan facility commissioning.	10%
Objective 3: Ensure achievement of targeted M&A for 2021.	5%	Acquisitions of LevlUp and PacMoore completed in 2021.	4%
Objective 4: Strategic portfolio evolution. With the Board, review the alignment of the strategic portfolio to the Group strategy and purpose.	7%	As part of a continuing portfolio review, the successful sale of the Group interest in Glanbia Ireland is a significant evolution in the Group portfolio facilitating a renewed focus on the strategic growth platforms of GPN and GN NS.	7%

Remuneration Committee Report continued

Group Finance Director, Mark Garvey	
Strategic objectives at maximum:	30%
Overall performance assessment:	93%
Strategic objectives bonus payout:	28%

Measure/objective	Weighting %	Performance assessment	Achievement %
Objective 1: Group IT. Complete strategic review of Group IT capability and operating model to ensure its continued alignment to the Group's current and future needs.	6%	Major project well advanced to benchmark current IT capability and operating model, setting options for future evolution and investment.	5%
Objective 2: Engage Business Units in margin improvement initiatives to drive incremental margin delivery in 2021.	4%	Strong progression in GPN margin in 2021. Effective margin management in GN offset by market dynamics in the year with a consequent slight reduction.	4%
Objective 3: Finance Team development. Progress a clear development and succession plan for all key finance roles.	4%	With a focused functional Organisational People Review (OPR) and talent process initiated for the Finance function, succession plans for the finance area are progressing well at business unit and Group levels.	3%
Objective 4: Deliver accretive M&A in line with strategy.	6%	Working with Group MD and BU CEOs, successful completion of LevlUp and PacMoore acquisitions which provide clear adjacency opportunities for GPN and GN.	6%
Objective 5: Strategic Portfolio Review. Working with the Board and Group Managing Director review strategic portfolio evolution aligned to Group strategy and purpose.	10%	As part of a continuing portfolio review, the successful sale of the Group interest in Glanbia Ireland is a significant evolution in the Group portfolio facilitating a renewed focus on the strategic growth platforms of GPN and GN NS.	10%

Long-Term Incentive Share Awards 2019

The 2019 share awards granted on 21 March 2019 had a three-year performance period (2019 to 2021) which ended on 1 January 2022. Under the 2019 LTIP, the 2019 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 the Group Managing Director and Group Finance Director the 2019 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.

2019 Long-Term Incentive Share Award vesting

The following table sets out the performance measures, weightings, targets and actual vesting outcome for the 2019 share awards, for the three-year performance period 2019–2021.

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 – 1.5 Vesting 0%
Group ROCE	40%	Three-year simple ROCE average equal to 8.82%*	Three-year simple ROCE average equal to 11.82%*	Above threshold ROCE average 9.98% Vesting 54%
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%

* Group ROCE adjustment from 9.00% to 8.82% and 12.00% to 11.82% for impact of IFRS accounting for leases which was implemented in 2020 after the targets had been set.

The share awards granted to Executive Directors in 2019, under the 2019 LTIP, for the three-year performance period 2019–2021, vest no earlier than 21 March 2022 (3 years from the date of grant) as follows:

Executive Directors	Total number of shares awarded	Number of shares awarded expected to vest in 2022	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	145,752	31,482	21.6%	€566,991	-€179,762	€387,229
M Garvey	64,520	13,936	21.6%	€250,987	-€79,575	€171,413

1. This reflects the value of share awards expected to vest in 2022 with a three year performance period ended on 1 January 2022. The total vesting values have been estimated using the official closing share price on 31 December 2021 (last day of trading for FY 2021) of €12.30. The value at grant of the shares vesting was €18.01 being the median between the high and low of a Glanbia plc share on 20 March 2019 the day of grant, which was the value used to determine the number of shares of the 2019 award.

Share awards to past Executive Directors

The 2019 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 1 January 2022. These awards will vest no earlier than 21 March 2022 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	58,336	20,943	35.9%	€257,599
B Phelan, CEO of Glanbia Nutritionals	50,880	30,528	60.0%	€375,494

1. This reflects the value of share awards expected to vest in 2022 with a three year performance period ended in January 2022. The total vesting values have been estimated using the official closing share price on 31 December 2021 (last day of trading for FY 2021) of €12.30.

There are no other elements of remuneration to disclose in respect of FY 2021 for past Directors.

Methodology

The Committee has agreed that the target ranges of awards under LTIP 2019 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' 2019 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 adjusted EPS on a constant currency basis over the performance period.

	Adjusted EPS
2018	91.2c
2021	87.2c

Group ROCE

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 joint ventures 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 and lease liabilities, retirement benefit assets, cash and acquisition related contingent consideration and contract options. It is calculated by taking the average of the relevant opening and closing balance sheet amounts.

Where an acquisition or disposal takes place within a timeframe of an award, the acquisition or disposal are equally time apportioned to the numerator and the denominator. No adjustments were required in respect of 2019.

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. This metric attracted a 20% weighting for 2020 and a 10% weighting for 2021.

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Long-Term Incentive Share Awards 2020 and 2021

At the beginning of 2021 the Committee took time to consider the appropriate target range for the EPS and ROCE measures for the 2021 LTIP awards given the ongoing challenging environment due to the Covid-19 pandemic, ensuring targets continue to be challenging and consistent with the Committee's focus on incentivising a long-term profitable growth. The targets were disclosed at the time they were set by way of a regulatory announcement and within six months of the award being granted. The targets are also set out in full below.

2020 share awards and 2021 share awards were made to the Executive Directors on 23 March 2020 and 16 March 2021 respectively. Both awards are subject to the achievement of Group TSR, Group EPS, Group ROCE performance conditions and the 2021 award additionally an element based on ESG, as set out below, measured over the relevant three-year performance period. 2020 share awards will vest no earlier than 23 March 2023 with 2021 share awards vesting no earlier than 16 March 2024. 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.

		2020 Performance Metrics Financial Period 2020 – 2022				2021 Performance Metrics Financial Period 2021 – 2023		
Performance Condition	Weighting % of max	Vesting 0%	Vesting 25% (Threshold)*	Vesting 100% (Maximum)*	Weighting % of max	Vesting 0%	Vesting 25% (Threshold)*	Vesting 100% (Maximum)*
Group EPS Three-year adjusted EPS	40%	< 4% CAGR	= 4% CAGR	≥ 9% CAGR	50%	< 6% CAGR	= 6% CAGR	≥ 11% CAGR
Group ROCE	40%	< 9%	= 9%	≥ 12%	30%	< 8%	= 8%	≥ 11%
Group TSR Ranking in STOXX Europe 600 Food and Beverage Index	20%	Below the median	At median	In the top quartile	10%	Below the median	At median	In the top quartile
ESG[1]	N/A				10%	Qualitative assessment see table below		

* Straight line vesting between threshold performance and maximum performance.

Achievement against financial 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.

1 The 2021 LTIP grant is the first time Glanbia has included environmental targets in remuneration metrics and represents an important milestone towards the execution of Glanbia's ESG strategy.

ESG metrics

LTIP 2021 Total ESG – 10% weighting	Threshold	Maximum
Renewable Energy – 5%	Equal to a 30% conversion of existing non-renewable energy utilisation by December 2023	Equal to or greater than 40% conversion of existing non-renewable energy utilisation by December 2023
Energy Efficiency – 2.5%	Audits completed at all key sites, and energy efficiency plans approved within the performance period	Completion of planned actions within the performance period
Waste & Water Utilisation – 2.5%	Base lining completed and plans approved within the performance period	Completion of planned actions within the performance period

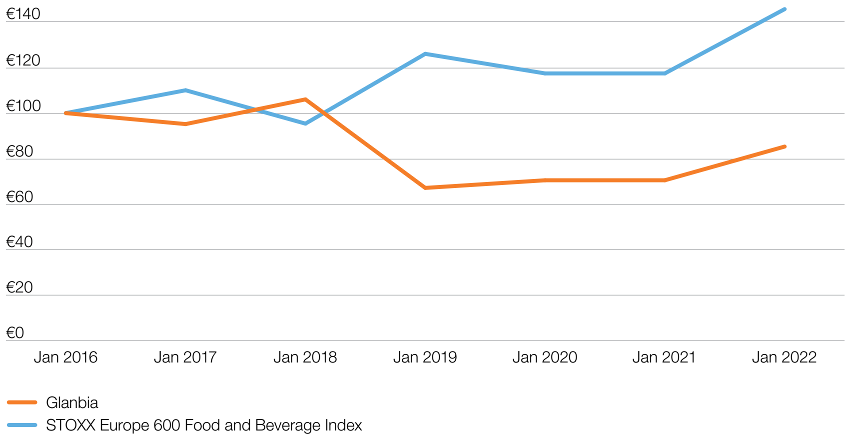
Disposal of Glanbia plc's interest in Glanbia Ireland and Long-Term Incentive Awards 2020 and 2021

As referenced in the Committee Chairman's letter, the Committee has considered the implications of the disposal on inflight incentives and intends, given the exceptional nature of the disposal, to adjust the inflight LTIP awards made in 2020 and 2021 such that the performance conditions measure continuing businesses only and take no account of either the gain or subsequent earnings impact of the disposal event. It is not expected that such an adjustment will have any material impact on vesting of these inflight awards compared to a scenario where the disposal had not taken place at all.

TSR performance

The graph illustrates the TSR performance of the Group over the past six years showing the change in value of €100 invested in Group's shares from 3 January 2016 to 1 January 2022 (dates aligning with opening and closing financial periods) compared with the STOXX Europe 600 Food & Beverage Index of which the Group is a constituent. This chart was first incorporated into our reporting for 2020 covering five years and will build over the next 5 years to provide a full 10 year overview.

The STOXX Europe 600 Food and Beverage Index has been selected as an appropriate index as it comprises other companies within the same broad sector to Glanbia and of which Glanbia 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	2021
Total Remuneration €'000	2,631	3,133	3,229	3,466	1,577[1]	2,437	3,497
Annual Incentive achieved as a % of maximum	81.2%	90.5%	71.6%	92.8%	0.0%[1]	36.3%	97.7%
Long-term Incentives achieved as a % of maximum	74.98%	81.07%	76.79%	58.13%	17.64%	21.0%	21.6%

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 1 January 2022 the Executive Directors' share ownership against the guidelines was as follows:

Executive Directors	Shares held as at 1 January 2022	% of base salary based on market value as at 1 January 2022[1]	Shareholding guidance
S Talbot	335,235	383%	250%
M Garvey	119,490	247%	150%

1. The market values have been estimated using the official closing price of a Glanbia plc share on 31 December 2021 (being the last day of trading on the Euronext Dublin before year end 1 January 2022) of €12.30.

Dilution

Share awards granted under the 2018 LTIP are satisfied through the funding of employee benefit trusts which acquire shares in the market. The Company's employee benefit trusts held 412,493 shares at 1 January 2022. No shares remaining to be allotted under 2002 LTIP.

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, 2 January 2021 and 1 January 2022 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.

		2019–2021				
		Total remuneration 2021, €'000	Total remuneration 2020, €'000	Total remuneration 2019, €'000	Change in total remuneration % 2020 to 2021	Change in total remuneration % 2019 to 2020
Executive Directors						
S Talbot[1]	Earned	3,497	2,437	2,104	43.5%	9.8%
	Paid	3,497	2,437	1,577	43.5%	46.5%
M Garvey[1]	Earned	1,822	1,298	1,165	40.4%	6.3%
	Paid	1,822	1,298	1,103	40.4%	12.2%
Non-Executive Directors						
D Gaynor[2]		325	150	95	116.7%	57.9%
P Ahern		43	43	43	0%	0%
R Brennan[3]		85	–	–	–	–
P Coveney		85	85	85	0%	0%
P Duffy[3]		71	–	–	–	–
V Gorman		43	43	43	0%	0%
B Hayes		43	43	43	0%	0%
J Lodge[4]		93	14	–	564.3%	–
J G Murphy[5]		43	56	60	-23.2%	-6.7%
J Murphy[6]		43	10	–	330.0%	–
P Murphy[5]		43	56	60	-23.2%	-6.7%
D O'Connor		95	95	95	0%	0%
Average remuneration on full-time equivalent basis						
Employees of the Group[7]		84	81	75	4%	8%

1. For supporting notes regarding 2020 remuneration reference should be made to the 2020 Remuneration Report.
2. D Gaynor was appointed Group Chairman effective 8 October 2020 which is reflected in the % change in total remuneration from 2020 to 2021.
3. R Brennan and P Duffy were appointed 1 January 2021 and 1 March 2021 respectively.
4. J Lodge was appointed 1 November 2020 and then appointed Remuneration Committee Chairman effective 1 March 2021 which is reflected in the % change in total remuneration from 2020 to 2021.
5. J G Murphy and P Murphy retired as Vice-Chairman on 8 October 2020 which is reflected in the % change in total remuneration from 2020 to 2021.
6. J Murphy was appointed 8 October 2020 which is reflected in the % change in total remuneration from 2020 to 2021.
7. 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.

Group Managing Director to all-employee pay ratio

Whilst not a reporting-requirement, a voluntary disclosure on Group Managing Director pay ratio 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 Group Managing Director 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.

The Committee notes that the median pay ratio has increased since last year, which is largely driven by the nature of the Group Managing Director's remuneration structure rather than changes in the wider workforce. As expected by shareholders a greater proportion of the remuneration awarded to the Group Managing Director is performance based and therefore at risk. As a result, where performance is strong the total remuneration of the Group Managing Director increases at a proportionately greater rate compared to the wider workforce, with the reverse being true when performance is not as strong.

The Committee is satisfied that the pay ratio is appropriate relative to the performance achieved and is consistent with Glanbia's reward and progression policies. The Committee is committed to ensuring that remuneration structures below Board is appropriate and enables the business to attract, retain, incentivise and reward our people – see page 128 for further details on our below Board remuneration arrangements.

Financial Year		P25 (Lower Quartile)	P50 (Median)	P75 (Upper Quartile)	Group Managing Director
2019	Total Remuneration Ratio	41	28	18	–
2020	Total Remuneration Ratio	57	41	26	–
2021	Total Remuneration (€'000)	41	56	89	3,497
	Total Remuneration Ratio	86	62	39	–
	Base Salary (€'000)	33	44	66	1,076

Implementation of policy in 2022

Salary, pension and benefits

The base salaries of the Group Managing Director and Group Finance Director are increased by 2.8% to €1,106,385 and €612,200 respectively, effective 1 January 2022 aligned to the salary increase for broader employee population in Ireland.

All pension and benefits will remain unchanged for 2022 with the Executive Directors' pension provision being aligned to the workforce in Ireland by 31 December 2022.

2022 Annual Incentive

Subject to shareholder approval of the new Remuneration Policy at our 2022 AGM, the Annual Incentive opportunity for the Group Managing Director and Group Finance Director in 2022 is 250% and 200% of salary respectively (increased from 2021 with an equivalent reduction in LTIP award levels).

Under the new Policy and effective from 2022 the bonus deferral for the Executive Directors is significantly increased. For 2021 and prior years, the executives defer only bonus that is in excess of target for two years. The new policy provides for 50% of all bonuses earned to be deferred over a three-year period. In addition, with the new Policy including a post employment shareholding policy and the Group Finance Director's increased in-service shareholding requirement, the Committee is satisfied that management is strongly aligned to and focused on long term sustainable performance and outcomes.

Annual Incentive will continue to be based on 50% EPS, 20% Group Operating Cash flow, 20% strategic objectives and 10% ESG objectives. As part of the Directors' Remuneration Policy review the Committee reviewed the mix of annual bonus measures and weightings and concluded that they remained appropriate being clearly aligned to the business strategy, reflecting the KPIs that we focus on as a business and that are important to our shareholders. In 2022 Glanbia will continue to build its franchise with its customers and consumers but will operate in a context of significant inflationary pressure and supply chain disruption in particular. The business plan has been prepared in this context and therefore maintaining sharp focus on plan delivery (earnings, cash conversion) and on achieving agreed strategic objectives remains appropriate.

The ESG metric in the 2022 annual incentive will focus on measuring the effectiveness and impact of the Group's Diversity, Equity and Inclusion (DE&I) programme. To be clear and simple it is focusing on key areas for improvement during 2022. The metric may vary from year to year depending on the priority objective. In 2022 there are two DE&I metrics being measured – increasing the percentage of female managers and improved inclusion scores in the 2022 employee engagement survey which is measured via a cumulative index. These DE&I metrics are being measured on a Group-wide basis and also by business unit as the metrics apply to the Executive Directors, Group Operating Executive and the business unit leadership teams.

The Committee believes that the targets being set for 2022 reflect internal planning and are appropriately stretching relative to prior years given the current commercial circumstances and also taking into account the increased weighting of total incentives to the annual incentive and its need to ensure there continues to be a strong link between pay and performance at all times and incentivise exceptional performance from management. Targets and performance against them will be disclosed in our 2022 Remuneration Report.

2022 LTIP share awards

Subject to shareholder approval at our 2022 AGM, the 2022 share awards will be made under our new Policy at 150% of salary for both the Group Managing Director and Group Finance Director.

The vesting criteria for 2022 share awards for the Group Managing Director and Group Finance Director will continue to focus on EPS, ROCE and ESG. With the increased focus on earnings recovery last year the weighting to EPS was increased. For 2022 both EPS and ROCE return to being equally weighted reflecting the importance of both earnings and capital management to sustainable growth. Relative TSR accounted for only 10% of the 2021 LTIP award and for 2022 TSR has been removed as a performance measure, reflecting the Committee's decision to ensure as far as possible that the new Policy focuses management on operational and financial measures which they are able to influence while reducing the impact of factors outside of their control. The Committee is confident that the underlying link to share price growth stemming from the granting of equity awards under the LTIP and through the significant bonus deferral and shareholding requirements including post employment provides clearer alignment with shareholder interests. The ESG component has increased to reflect the criticality of these targets to our strategy.

Executive Directors	Weighting	Vesting 0%	Vesting 25% (Threshold)	Vesting 100% (Maximum)
Group EPS Three-year adjusted EPS	40%	<4%	4%	9%
Group ROCE	40%	<8%	8%	11%
ESG	20%		See below	

ESG

The objective of incorporating ESG metrics in our LTIP is to align management to both our strategy and our external commitments (Science Based Target initiative 'SBTi') to reduce carbon emissions in our value chain and to address our other environmental impacts across waste, water and packaging. For our 2022-2024 LTIP we are targeting Scope 1 & 2 emissions reduction.

Since we validated our planned emissions reductions under the SBTi to a WB2DS standard (keeping global temperature increases to well below 2 degrees Celsius), SBTi moved to a new base commitment in advance of COP26 to a 1.5 degree standard for Scope 1 & 2 emissions and it is Glanbia's intention to re-align to this standard. As a result we are in the process of completing detailed energy efficiency and procurement planning re-aligned to SBTi 1.5 degree pathway from which the Remuneration Committee supported by the Board ESG Committee will set specific emissions reductions targets for the period 2022-2024.

Remuneration Committee Report continued

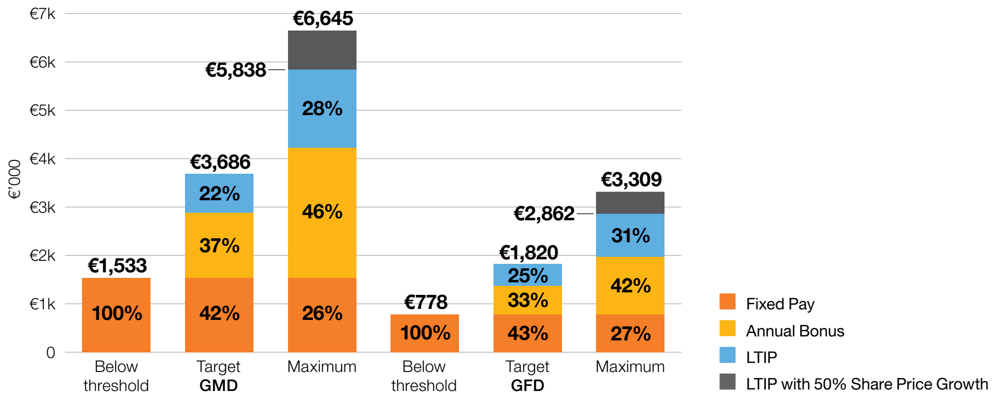
Extensive work required to realign to SBTi 1.5 degree pathway has already been completed however further work is underway in H1 2022. As a result the Remuneration Committee is unable to finalise the emissions reduction targets for 2022-2024 in time for the 2021 Remuneration Report. Instead these targets will be disclosed by RNS no later than six months after the granting of the 2022 LTIP award and the Committee will ensure the targets are fully aligned to our strategy and are appropriately stretching. The Chairman of the Remuneration Committee and the ESG Committee will be pleased to engage with shareholders to discuss our ESG strategy, our approach to setting these emissions reduction targets and to answer any questions that may arise once the targets have been set.

Waste and water initiatives were incorporated into our 2021-2023 LTIP with progress being measured over the performance period to 2023. The Committee will consider appropriate targets for the 2023-2025 LTIP to ensure there is continuity on these elements.

Our Scope 3 emissions include mainly farm based Green House Gas emissions in the supply chain but also dairy inputs such as purchased whey proteins. To reduce Scope 3 emissions is inherently more complex because milk production is outside the group's control. During 2022 we will be developing a comprehensive Scope 3 reduction programme aligned to new SBTi FLAG guidance so that the Committee can consider how best to incorporate Scope 3 targets in our LTIP awards aimed at achieving emissions intensity reductions by 2030.

Application of Remuneration Policy for 2022

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 2022. The assumptions noted for 'target' performance are provided for illustration purposes only.



	Below 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 2022 financial year and other benefits taken from the single for the prior year		
Annual Incentives	Nil	125% of salary for the Group Managing Director 100% of salary for the Group Finance Director	250% of salary for the Group Managing Director 200% of salary for the Group Finance Director
Long-term Incentives	Nil	50% vesting of share awards 75% of salary for Group Managing Director and Group Finance Director	100% vesting of share awards 150% of salary for Group Managing Director and Group Finance Director

Non-Executive Director fees

Non-Executive Director fees (excluding the Group Chairman) have been reviewed as part of the Directors' Remuneration Policy review, noting that the last review was in 2018. The increases set out below comprise an increase to the Non-Executive Director base fee and the fee for the Senior Independent Director (SID) and Committee Chair. Where an individual holds both the role of SID and chairs a Committee, two fees will be paid reflecting the time commitment of holding both of these roles.

The Group Chairman fee was set on his appointment in October 2020 and was not included in the wider Non-Executive Director fee review. It has instead been increased by 2.8% aligned to the increase in salaries for the Executive Directors and workforce in Ireland. This approach of annual workforce aligned increases will be applied to all Non-Executive Director fees with effect from 2023.

The new Remuneration Policy enables the Board to set a travel allowance to reflect the time commitment of Non-Executive Directors travelling on Company business. Within this policy the travel allowance is currently structured as an annual payment for US based Non-Executive Directors.

A summary of the fee levels is provided below:

Role	2022 €	2021 €
Group Chairman	335,000	325,000
Non-Executive Director Base Fee	90,000	85,000
Fee for Senior Independent Director and Committee Chairs	12,500	10,000
Society-nominated Non-Executive Director	42,500	42,500
Travel allowance for US based Non-Executive Directors	30,000	–

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 1 January 2022. There have been no changes in the interests listed in Tables B to G between 1 January 2022 and 28 February 2022. The official closing share price on 31 December 2021 (last day of trading for the 2021 financial year) was €12.30 and the range during the year was €9.88 to € 15.11. The average price for the year was €12.95.

Table A: 2021 Directors' remuneration

The salary, fees and other benefits pursuant to the remuneration package of each Director during the year were:

	Date of Directorship appointment/retirement	Salary €'000	Fees €'000	Pension contribution[1] €'000	Other benefits[2] €'000	Annual Incentive paid in cash[3] €'000	Annual Iincentive deferred into shares[4] €'000	Long-Term Incentive[5] €'000	2021 Total €'000	2020 Total[6] €'000
Executive Directors										
S Talbot		1,076	–	–	457	807	770	387	3,497	2,437
M Garvey		596	–	149	33	447	426	171	1,822	1,298
2021		**1,672**	**–**	**149**	**490**	**1,254**	**1,196**	**558**	**5,319**	
2020		1,631	–	145	382	892	–	685		3,735
Former Executive Directors										
H McGuire[7]	Stepped down 24 April 2019	–	–	–	–	–	–	258	258	139
B Phelan[7]	Stepped down 24 April 2019	–	–	–	–	–	–	375	375	180
2021		**–**	**–**	**–**	**–**	**–**	**–**	**633**	**633**	
2020		–	–	–	–	–	–	319	–	319
2021		**1,672**	**–**	**149**	**490**	**1,254**	**1,196**	**1,191**	**5,952**	
2020		1,631	–	145	382	892	–	1,004		4,054
Non-Executive Directors										
D Gaynor[8]		–	325	–	–	–	–	–	325	150
P Ahern		–	43	–	–	–	–	–	43	43
R Brennan	App. 1 January 2021	–	85	–	–	–	–	–	85	–
P Coveney		–	85	–	–	–	–	–	85	85
J Daly	Ret. 1 November 2020	–	–	–	–	–	–	–	–	71
J Doheny	Ret. 22 April 2020	–	–	–	–	–	–	–	–	13
P Duffy	App. 1 March 2021	–	71	–	–	–	–	–	71	–
V Gorman		–	43	–	–	–	–	–	43	43
B Hayes		–	43	–	–	–	–	–	43	43
Mn Keane	Ret. as Chairman 8 October 2020 and Board 6 May 2021	–	15	–	–	–	–	–	15	97
R Laube	Ret. 28 February 2020	–	–	–	–	–	–	–	–	14
J Lodge	App. 1 November 2020	–	93	–	–	–	–	–	93	14
M Minnick	Ret. 31 December 2020	–	–	–	–	–	–	–	–	85
J Murphy	Ret. as Vice-Chairman 8 October 2020	–	43	–	–	–	–	–	43	56
J Murphy	App. 8 October 2020	–	43	–	–	–	–	–	43	10
P Murphy	Ret. as Vice-Chairman 8 October 2020	–	43	–	–	–	–	–	43	56
D O'Connor		–	95	–	–	–	–	–	95	95
E Power	Ret. 22 April 2020	–	–	–	–	–	–	–	–	13
2021		**–**	**1,027**	**–**	**–**	**–**	**–**	**–**	**1,027**	
2020		–	888	–	–	–	–	–		888
Total 2021		**1,672**	**1,027**	**149**	**490**	**1,254**	**1,196**	**1,191**	**6,979**	
Total 2020		1,631	888	145	382	892	–	1004		4,942

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, for 2021 tax equalisation for M Garvey, taxable cash in lieu of pension payments of 26.5% of salary and for 2021 accommodation allowance 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 2021.
4. This reflects the proportion of the gross Annual Incentive (over 75% of base salary) (2020: nil) which will be invested in shares and retained for two years, following appropriate taxation and social security deductions.
5. This reflects the value of the 2019 share awards which will vest on 21 March 2022, earliest, the performance period for which ended on 1 January 2022. The gross value is calculated using the official closing price of a Glanbia plc share on 31 December 2021 (being the last day of trading on the Euronext Dublin for the 2021 financial year) of €12.30. 2019 vested share awards will be held for a 2 year period from the date of vest.
6. 2020 Total Remuneration has been restated to update the value of the 2018 share awards to the value on the date of vest, 18 May 2021. The restated gross value is calculated using the official opening share price on the date of vest of €14.30. 2018 vested share awards will be held for a 2 year period to May 2023.
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 2018 and 2019, in respect of performance periods ending in 2020 and 2021 respectively, are included in the table above.
8. Donard Gaynor was appointed Group Chairman effective 8 October 2020, the % change in total remuneration from 2020 to 2021 reflects his appointment and the increase in Group Chairman fees as set out on page 138.

Remuneration Committee Report continued

Details of Directors' long-term awards expected to vest in respect of performance to 1 January 2022 are set out on page 132.

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 2021 in excess of inflation €' 000	Total annual accrued pension at 1 January 2022 €' 000
S Talbot	–	–	159
2021	–	–	**159**
2020	–	–	159

Table B: Directors' and Secretary's interests in ordinary shares in Glanbia plc

	Notes	As at 1 January 2022 Ordinary Shares	As at 3 January 2021 Ordinary Shares*
Directors			
D Gaynor		10,000	10,000
S Talbot	1	335,235	317,798
P Ahern		14,091	14,091
R Brennan		–	–
P Coveney		3,900	3,900
P Duffy	2	6,930	6,930
M Garvey	1	119,490	111,285
V Gorman		6,033	6,033
B Hayes		39,151	34,846
J Lodge		5,000	–
J G Murphy		7,283	7,283
J Murphy		1,292	1,292
P Murphy		11,506	11,506
D O'Connor		7,680	7,680
		567,591	**532,644**
Secretary			
M Horan		50,442	41,990

* or at date of original appointment to the Board if appointed during financial year

1. Executive Director.
2. Appointed 1 March 2021.

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 their shares as security.

Table C: Directors' and Secretary's interests in ordinary shares in Glanbia plc subject to restriction

	2008 LTIP[2]	2018 LTIP[3]	2019 Annual Deferred Incentive[4]	Total[1]
Executive Directors				
S Talbot	10,606	17,437	–	28,043
M Garvey	4,990	8,205	14,040	27,235
Secretary				
M Horan	2,235	8,452	–	10,687

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 24 April 2022.
3. Subject to restriction on sale until 18 May 2023.
4. Subject to restriction on sale until 27 March 2022.

Table D: Summary of Directors' and Secretary's interests in Glanbia plc 2018 LTIP

	As at 1 January 2022 2018 LTIP Share awards	As at 3 January 2021 2018 LTIP Share awards
Executive Directors		
S Talbot	618,492	539,733
M Garvey	273,787	243,242
Secretary		
M Horan	118,338	108,952

Table E: Directors' and Secretary's interests in 2018 LTIP

	Date of Grant	As at 3 January 2021	Granted during the year	Vested during the year	Lapsed during the year	As at 1 January 2022	Market price at date of award €	Earliest date for vesting	Expiry date	Notes
Executive Directors										
S Talbot										
	26-Apr-18	155,005	–	32,613	122,392	–	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
	16-Mar-21	–	233,764	–	–	233,764	11.57	16-Mar-24	16-Mar-25	4
Total:		**539,733**	**233,764**	**32,613**	**122,392**	**618,492**				
M Garvey										
	26-Apr-18	72,935	–	15,346	57,589	–	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
	16-Mar-21	–	103,480	–	–	103,480	11.57	16-Mar-24	16-Mar-25	4
Total:		**243,242**	**103,480**	**15,346**	**57,589**	**273,787**				
Secretary										
M Horan										
	26-Apr-18	35,341	–	15,808	19,533	–	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
	16-Mar-21	–	44,727	–	–	44,727	11.57	16-Mar-24	16-Mar-25	4
Total:		**108,952**	**44,727**	**15,808**	**19,533**	**118,338**				

1. Share awards granted on 26 April 2018 were subject to performance conditions measured over the three financial years ended 2 January 2021. The awards vested on 18 May 2021 and the percentage of the awards vested are shown on page 142. 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 them by the trustee of the Glanbia plc Section 128D Employment Benefit Trust. The total number of shares subject to restriction are included in the total number of ordinary shares disclosed in Table B on page 140.
2. Share awards granted on 21 March 2019 were subject to performance conditions measured over the three financial years ended 1 January 2022. The outcome of these performance conditions and the number of share awards expected to vest to Executive Directors during 2022 are set out on page 132. 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.
3. The performance period in respect of the 2018 LTIP awards made in 2020 is the three financial years ending 2022.
4. The performance period in respect of the 2018 LTIP awards made in 2021 is the three financial years ending 2023.

The performance conditions attached to the awards granted in 2020 and 2021 are detailed in the section entitled 'Long-Term Incentive Awards 2020 and 2021' on page 134.

Remuneration Committee Report continued

Table F: Directors' and Secretary's annual deferred incentive paid

	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
Executive Director				
M Garvey				
2019 Annual Deferred Incentive	€256,000	27-Mar-20	€9.750	26,208

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 140.

Table G: Value of awards expected to vest in 2022 and awards vested in 2021

	Number of shares awarded expected to vest in 2022	Percentage Outcome %	Estimated Market Value €[1]	Number of shares vested in 2021	Percentage Outcomes %	Estimated Market Value €[2]
Executive Directors						
S Talbot	31,482	21.6%	387,229	32,613	21.0%	466,366
M Garvey	13,936	21.6%	171,413	15,346	21.0%	219,448

1. This reflects the value of long-term incentive share awards expected to vest in 2022 with a three year performance period ended in 2021. The market values have been estimated using the official closing price of a Glanbia plc share on 31 December 2021 (being the last day of trading on Euronext Dublin before year end 1 January 2022) of €12.30.
2. This reflects the value of long-term incentive share awards vested in 2021 with a three year performance period ended in 2020. These have been valued at the market value of the shares on the date of vesting €14.30 per share (official opening price).

Statutory information and Forward-looking statement

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 1 to 75.

The Group Chairman's statement on pages 4 and 5, the Group Managing Director's review on pages 6 to 7, the Operations review on pages 30 to 41 and the Group Finance Director's review on pages 44 to 49 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 1 January 2022, 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 162, the Group reported a profit for the period of €167.4 million after exceptionals. Comprehensive reviews of the financial and operating performance of the Group during 2021 are set out in the Group Finance Director's review on pages 44 to 49 and in the Operations review on pages 30 to 41. Key Performance Indicators are set out on pages 26 to 27 . 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, Diversity Equity and Inclusion and our stakeholders are discussed on pages 20 to 25 and sustainability is discussed on pages 52 to 66 and 109 to 111.

Non-Financial Reporting Statement

The Group complies 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 60 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 reappointed 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, all of the Directors are subject to annual re-election. Each of the Directors, with the exception of Patrick Coveney who retires effective 30 March 2022 and Vincent Gorman (who is not putting himself forward for re-election at the AGM), will retire at the 2022 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 2022 AGM will be held on 5 May 2022. Full details of the 2022 AGM, together with explanations of the resolutions to be proposed, will be contained in the Notice of the 2022 AGM. The record date for the 2022 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 2021 AGM, the Directors were given the power to issue new shares up to a nominal amount of €3,522,289.08. This power will expire on the earlier of the close of business on the date of the 2022 AGM or 5 August 2022. Accordingly, a resolution will be proposed at the 2022 AGM to renew the Company's authority to issue new shares.

At the 2021 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 2022 AGM or 5 August 2022, whichever is earlier. Accordingly, resolutions will be proposed at the 2022 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 2021 AGM, the Directors

Statutory information and Forward-looking statement continued

were also given the power to buy back a maximum number of 29,129,518 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 2022 AGM or 5 August 2022 and a resolution will be proposed at the 2022 AGM to renew this power. A special resolution will be proposed at the 2022 AGM to renew the Company's authority to acquire its own shares. At the 2021 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 2022 AGM or 5 August 2022 and a resolution will be proposed at the 2022 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 €18.5 million in 2021 (2020: €17.3 million) as disclosed in Note 5 to the Financial Statements.

Dividends

An interim dividend of 11.75 cent per share was paid on 1 October 2021 (an aggregate of €34.1 million) to shareholders on the share register at the close of business on 20 August 2021. The Directors propose a final dividend of 17.53 cent per share which based on the issued share capital at 28 February 2022 would equate to (an aggregate of €49.3 million) bringing the total dividend in respect of 2021 to 29.28 cent per share (an aggregate of €83.4 million). Subject to shareholder approval, the final dividend will be paid on 6 May 2022 to shareholders on the share register on 25 March 2022. The foregoing amounts paid are net of dividends waived by the Group's Employee Trusts.

Total dividends paid during 2021 amounted to an aggregate of €80.5 million (being a final dividend of 15.94 cent per share paid on 7 May 2021 (an aggregate of €46.4 million) and an interim dividend of 11.75 cent per share paid on 1 October 2021 (an aggregate of €34.1 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). On 15 March 2021 this structure changed 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 from 15 March 2021 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).

Shareholders holding their shares 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.

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 1 January 2022 the authorised share capital of the Company was 350,000,000 ordinary shares of €0.06 each and the issued share capital was 287,169,345 (2020: 294,401,777) ordinary shares of €0.06 each, of which 32.48% was held by the Society. All the Company's shares are fully paid up and quoted on Euronext Dublin and the London Stock Exchange. On 21 January 2021, 40,000 ordinary shares of €0.06 each were alloted, upon the exercise of outstanding options under the 2002 LTIP. The Company purchased 7,272,432 shares during the year as part of the share buyback programme.

Details of the Company's share capital and shares under share award at 1 January 2022 are given in Notes 22 and 10, respectively, to the Financial Statements.

Share Buyback

During 2021, the Company completed the share buyback programme of up to €50 million announced in October 2020 and commenced two further share buyback programmes of up to €50 million each (the '2021 Buyback Programmes') which were announced on 12 August 2021 and 8 December 2021.

The 2021 Buyback Programme announced on 8 December 2021 continues into 2022.

During 2021, the Company purchased a total of 7,272,432 ordinary shares under the 2021 Buyback Programmes, returning a total of over €91 million in cash to shareholders.

The table below sets out the ordinary shares purchased under the Buyback Programme during 2021. See Note 23 to the Consolidated Financial Statements for further details.

Month	Total number of share buyback purchases	Average price paid per share
January	1,021,181	10.354
February	1,491,795	10.171
March	395,000	11.825
April	238,619	13.022
August	848,833	14.719
September	1,097,041	14.748
October	1,563,133	13.708
November	–	–
December	616,830	12.307
Total 2021	**7,272,432**	**12.543**

Additionally on 20 January 2022, Glanbia Co-operative Society Limited("the Co-op") completed the sale of approximately 5.75 million ordinary shares in the Company (the "Shares"), representing around 2 percent of the Company's issued share capital, for a total consideration of approximately €70 million (the "Equity Placement"). Concurrently with the Equity Placement, the Co-op placed EUR 250 million senior secured bonds and certain subscribers to these bonds placed existing Shares (the "Delta Shares") together with the Equity Placement (the "Placement"). The price per Share in the Placement was €12.25. Pursuant to the Company's existing authority to purchase its own shares, the Company participated in the Placement via Glanbia's broker Davy and purchased 2,527,152 Shares (representing around 0.9 percent of the Company's existing issued share capital), at a price of €12.25 per Share (the "Buyback") (an aggregate of circa €31 million). The Shares purchased in the Buyback were cancelled. The purchase of shares from the Co-op as part of the Buyback constituted a related party transaction for the Company under the Euronext Listing Rules ("Euronext LR") and the FCA Listing Rules ("FCA LR"). Pursuant to paragraph 11.1.15 (2)(a) of the Euronext LR and paragraph 11.1.10 (2)(b) of the FCA LR, Davy Corporate Finance confirmed that the terms of the Buyback with the related party, were fair and reasonable as far as the shareholders of the Company were concerned. The Company's participation in the Placement was incremental to the ongoing €50 million 2021 Buyback Programme announced on 8 December 2021.

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.

Statutory information and Forward-looking statement continued

Exercise of rights of shares in employee share schemes

As detailed in Note 23 to the Financial Statements at 1 January 2022, 412,493 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 2022 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 DAC (GI). 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 148. The shareholders agreement with the Society in respect of GI will terminate on completion of the disposal of the Company's interest in GI to the Society resulting in the Society call option falling away, see opposite paragraph on Contracts of Significance for further detail.

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 1Jan 2022	% of issued share capital as at 1 Jan 2022	No. of ordinary shares as at 28 Feb 2022	% of issued share capital as at 28 Feb 2022
Glanbia Co-operative Society Limited	93,276,241	32.48%	87,526,241	31.08%
Black Creek Investment Management Inc.*	11,874,803	4.14%	11,874,803	4.22%
Southeastern Asset Management, Inc.	-	N/A	10,731,019	3.81%

* 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

On 5 May 2021, the Company (Glanbia plc) and the Society entered into an amended and restated relationship agreement, as required for compliance with the Listing Rules, effective as of 23 February 2021 (the "Relationship Agreement"). Under the Relationship Agreement, the number of Society Nominee Directors reduced from seven to six in 2021 in a board comprising of 15 members, with seven Independent Non-Executive Directors and two Executive Directors. There is currently a vacancy for one Independent Non-Executive Director on the Board. In 2022, the size of the Board will reduce to 14 through the retirement of a Society Nominee Director. In 2023, the size of the Board will reduce to 13, with the number of Independent Non-Executive Directors increasing from seven to eight, with two further Society Nominee Directors to retire (reducing the number of Society Nominee Directors on the Board to three), one of the current Independent Non-Executive Directors to retire and two new Independent Non-Executive Directors to be appointed.

In connection with disposal by the Company of its interest in Glanbia Ireland DAC (GI), certain agreements were entered into by the Company and the Society, the principal terms and conditions of which were included in the circular sent to shareholders on 1 February 2022 in respect of the Extraordinary General Meeting held on 25 February 2022 and is available to view on www.glanbia.com/egm. These agreements include:[1]

- Share Subscription and Redemption Agreement between the Company, the Society, GI and Glanbia Financial Services Unlimited Company dated 7 December 2021; and
- Pensions Agreement between Glanbia, the Society, Glanbia Foods Ireland Limited and GI dated 7 December 2021 in respect of pension matters arising in the context of the Proposed Transaction.

On 2 July 2017, the Company entered into a shareholders agreement with the Society in respect of GI. This agreement will terminate on completion of the disposal of the Company's interest in GI to the Society. The key terms of the shareholders agreement are 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 the Company and such other persons as may be approved by the Nomination and Governance Committee of the Board of the Company. 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.

Consent of Glanbia plc and the Society

The prior written consent of the Company 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;
- ValueAdded 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.

Statutory information and Forward-looking statement continued

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 Glanbia plc ceasing to hold shares in GI
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.

As outlined in the circular sent to shareholders on 1 February 2022 in respect of the Extraordinary General Meeting held on 25 February 2022 and is available to view on www.glanbia.com/egm, the Company and the Society have agreed certain provisions (in addition to the provisions outlined above) which will apply when the Company ceases to have any shareholding in GI.

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	Page 145
(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	Page 147 to 148
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Page 146
(13)	Shareholder waivers of future dividends	Page 146
(14)	Agreement with controlling shareholders and independence provisions/undertakings	Pages 99 and 115

All the information cross-referenced above is hereby incorporated by reference into this Directors' Report.

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', 'expect', 'arrive,' 'achieve,' 'anticipate,' 'maintain,' 'grow,' 'aim,' 'deliver,' 'sustain,' 'should', 'should be', 'will be' 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 72 to 75 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 or any equivalent provisions of the Disclosure and Transparency Rules of the UK Financial Conduct Authority. 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.

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.

Statutory information and Forward-looking statement continued

Consolidated disclosures pursuant to Article 8 Taxonomy Regulation

Article 8 Taxonomy Regulation

The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals as the Taxonomy is a classification system for environmentally sustainable economic activities.

In the following section, in line with regulatory guidance only the wholly owned business is considered, therefore excluding joint venture and associates activities from our evaluation of turnover, capital expenditure (Capex) and operating expenditure (Opex) for the reporting period 2021, which are associated with Taxonomy-eligible economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Article 9 of the Taxonomy Regulation and Art. 10 (2) of the Art. 8 Delegated Act, (Disclosures Delegated Act).

Glanbia Activities

Core Business Activities – Taxonomy Non Eligible

Following consideration of the EU Taxonomy Compass, and after a thorough review involving all relevant divisions and functions, including carrying out detailed workshops with the business unit (BU) operational and finance senior leadership teams, reviewing the economic activities description and NACE code definitions as referenced within the EU Taxonomy Climate Delegated Act, the Group concluded that our core economic activities of food processing and manufacturing are not covered by the Climate Delegated Act and consequently are Taxonomy-non-eligible.

Our assessment of Taxonomy eligibility is focused on economic activities defined as the provision of goods or services on a market, thus (potentially) generating revenues. In this context we define the manufacture and processing of food products as the core of our business activities. We define activities such as the acquisition/construction of new buildings (for our production sites) or the transportation of our products as underlying activities necessary to conduct our core business activities. They are not reported as Taxonomy-eligible activities and not included in our turnover KPI as they are not generating external turnover on a standalone basis.

Outlook on our potential for Taxonomy-eligibility

In the Taxonomy pack for feedback that was published in August 2021, the Platform on Sustainable Finance reported on activities that are considered for the upcoming delegated act on the other four environmental objectives (sustainable use and protection of water and marine resource; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystem). In this call for feedback, manufacturer of food and beverage products was mentioned as an indicator to establish priority activities regarding the objective of protection and restoration of biodiversity and ecosystems.

Therefore, we expect to be able to report at least some of our core business activities as Taxonomy-eligible in the future. We disclose this information on a voluntary basis as we believe that this information is helpful for users of our consolidated non-financial statement to gain a better understanding of our business activities.

KPIs

The KPIs include turnover, Capex and Opex calculations. For the reporting period 2021, the KPIs have been disclosed in relation to Taxonomy-eligible economic activities and Taxonomy-non-eligible economic activities (Art. 10 (2) of the Disclosures Delegated Act).

As our economic activities as a food processing and manufacturing group are not covered by the Climate Delegated Act, the share of Taxonomy-eligible economic activities in our total turnover is 0% and consequently the related capital and operating expenditure are also 0%.

In addition, the capital and operating expenditure reported considered the purchase of output from Taxonomy-eligible criteria, based on our assessment and information available to us in terms of taxonomy-alignment of this expenditure, we have concluded we cannot report any Capex/Opex for this category – refer to the 'Accounting Policy' section, within this disclosure, for further details.

	Total €'m	Proportion of Taxonomy eligible economic activities (in %)	Proportion of Taxonomy-non-eligible economic activities (in %)
Turnover	4,196.9	0	100
Capex	194.7	0	100
Opex	41.0	0	100

Accounting Policy

The specification of the KPIs is determined in accordance with Annex I of the Disclosures Delegated Act. We determine the Taxonomy-eligible KPIs in accordance with the legal requirements and describe our accounting policy in this regard as follows:

Turnover

Definition: The proportion of Taxonomy-eligible economic activities in our total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by the net turnover (denominator). Refer to note 2 'Summary of significant accounting policies' on page 176 which outlines the Group's revenue recognition policy.

With regard to the numerator, we have not identified any Taxonomy-eligible activities as already outlined, as a result the numerator value equals zero. Refer to note 5 'Operating profit' and the 'Revenue' line for the denominator value, the denominator includes total revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82(a).

Capital Expenditure

Definition: The Capex KPI is defined as Taxonomy-eligible Capex (numerator) divided by our total Capex (denominator). With regard to the numerator, we refer to our explanations below.

Total Capex consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes additions to fixed assets (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16). Additions resulting from business combinations are also included. Goodwill is not included in Capex as it is not defined as an intangible asset in accordance with IAS 38. Refer to note 2 'Summary of significant accounting policies on pages 170, 171 and 174 which outlines our property plant and equipment, intangible assets and leasing accounting policies.

Refer to Note 15 'Property, plant and equipment', Note 16 'Intangible assets' and Note 31 'Leasing' (acquisitions and additions line within the respective notes) for the denominator value, the Capex denominator consists of all IAS 16, IAS 38 and IFRS 16 additions and acquisitions.

Operating Expenditure

Definition: The Opex KPI is defined as Taxonomy-eligible Opex (numerator) divided by our total Opex (denominator). With regard to the numerator, we refer to our explanations below.

Total Opex consists of direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. This includes:

- Research and development expenditure recognised as an expense during the reporting period in our income statement, refer to note 5 'Operating profit', 'Research and development costs' amount. In line with our consolidated financial statements (IAS 38.126), this includes all non-capitalised expenditure that is directly attributable to research or development activities.
- The volume of non-capitalised leases was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases, refer to note 31 'Leasing'. Even though low-value leases are not explicitly mentioned in the Disclosures Delegated Act, we have interpreted the legislation as to include these leases.
- Maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment were determined based on the income statement general ledger accounts categorised as repairs and maintenance.

  The denominator does not include expenditures relating to the day-to-day operation of property, plant and equipment such as: raw materials, cost of employees operating the machine, electricity or fluids that are necessary to operate the property, plant and equipment.

  Direct costs for training and other human resources adaptation needs are excluded from the denominator and the numerator. This is because Annex I to the Disclosures Delegated Act lists these costs only for the numerator which does not allow a mathematically meaningful calculation of the Opex KPI.

Explanation on the numerator of the Capex KPI and the Opex KPI

As Glanbia has not identified Taxonomy-eligible economic activities, we do not record Capex/Opex related to assets or processes that are associated with Taxonomy-eligible economic activities in the numerator of the Capex KPI and the Opex KPI. Furthermore, there are no Capex plans to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity.

Only "category c" Capex and Opex as defined within the Disclosures Delegated Act can therefore qualify as Taxonomy-eligible, i.e. Capex/Opex related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling certain target activities (our non-eligible activities) to become low-carbon or to lead to greenhouse gas reductions (Sect. 1.1.2.2. (c) of Annex I to the Disclosures Delegated Act). As the disclosure requirements for the 2021 financial year relate exclusively to Taxonomy-eligible Capex/Opex, we have assessed this category in terms of Taxonomy-eligibility as follows:

As reliable statements on the Taxonomy-alignment of our suppliers' output are currently not available and as we are not obliged to assess the Taxonomy-alignment of our individual measures for the reporting year 2021, we cannot report any Capex/Opex for this category either.

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, the Listing Rules issued by Euronext Dublin and the Disclosure and Transparency Rules of the UK Financial Conduct Authority 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 81 to 85 ('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 Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) 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 a whole, together with a description of the principal risks and uncertainties that they face.

Directors' Report

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, the Listing Rules issued by Euronext Dublin and the Disclosure and Transparency Rules of the UK Financial Conduct Authority consists of pages 1 to 152.

On behalf of the Board

Donard Gaynor **Siobhán Talbot** **Mark Garvey**

Directors

2 March, 2022

Financial Statements

Independent auditor's report to the members of Glanbia plc

Report on the audit of the European Single Electronic Format financial statements ('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 1 January 2022 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.

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 €11.5m which was determined on the basis of profit before tax and exceptional items. The materiality that we used for the Company was €4.6m 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, 10 of these were subject to a full audit, whilst the remaining 35 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 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	There have been no significant changes in our audit approach in the current financial year.

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 determined the 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 performed a look back analysis of the historical accuracy of forecasts prepared by management; and
- We evaluated the completeness and accuracy of the disclosures made in the Basis of Preparation note on page 167 by reference to the understanding we have obtained of the Group's and Company's financial performance during 2021, 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 judgement, 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 engagement 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.

Independent auditor's report to the members of Glanbia plc continued

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 €48.4m as exceptional items. These exceptional items relate to organisation redesign costs and pension related costs. 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 107 (Audit Committee Report), and page 177 (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 evaluated the completeness and accuracy of the presentation and disclosures of exceptional items 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.

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 transaction-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 107 (Audit Committee Report), Page 176 (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 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 €1,375m, which are held across 10 (2020: 8) individual Cash Generating Units (CGUs), represent approximately 38% of the Group's total assets at year end.

In carrying out their impairment 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, pinpointed to eight CGUs, 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.

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, cash flow projections and long term growth rates.

Refer also to page 107 (Audit Committee Report), page 170 (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. 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

While we note that actions are required by the Group to achieve the forecasts outlined in the Group's strategic plans, particularly in light of increasing inflationary pressures, over the short and medium term, 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. The group's revenue arrangements are predominantly straightforward and require little judgement to be exercised. In the Performance Nutrition (GPN) segment, discounts, rebates and other promotional arrangements are a feature and revenue must be recognised net of these selling arrangements. Management estimates the level of discounts, rebates and other promotional arrangements to be applied to its sales contracts. 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. We have therefore pinpointed the significant risk to year-end accruals relating to selling arrangements, and the corresponding debit adjustment to revenue as a risk exists that revenue could be misstated either intentionally to achieve performance targets, or as a result of error. Refer also to page 107 (Audit Committee Report), and page 176 (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 selling arrangements in place with customers across all segments of the Group, and of the relevant 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. We focused specifically on the GPN segment as these selling arrangements are a significant feature of the GPN business. We evaluated the design and determined the implementation of relevant controls in respect of discounts, rebates and promotional arrangements applied to revenue contracts. Where possible, operating effectiveness testing was performed and controls were relied upon. We discussed key contractual arrangements with management and obtained relevant documentation, including documentation in respect of discounts, rebates and other promotional arrangements. On a sample basis, 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 retrospective look-back analysis over changes to prior period estimates to challenge the assumptions made, including assessing the amounts recorded for evidence of management bias.
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.

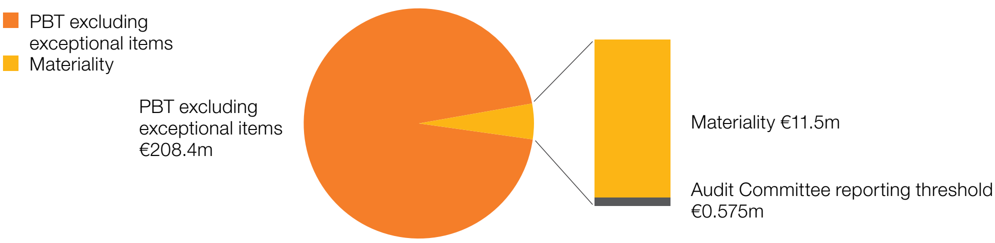
Our application of materiality

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 €11.5m which is approximately 5.5% 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 €4.6m 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 the reliability of the control environment.



We agreed with the Audit Committee that we would report to them any audit differences in excess of €0.575m, 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

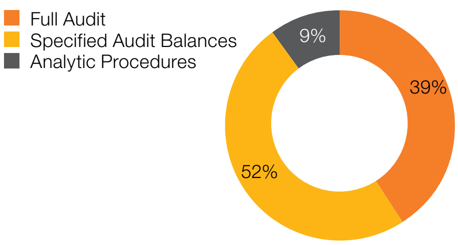
We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide internal financial controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in 45 components. 10 of these were subject to a full audit, whilst the remaining 35 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 component's operations to the Group's. 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 component which were lower than Group materiality and ranged from €2.3m to €7.4m.

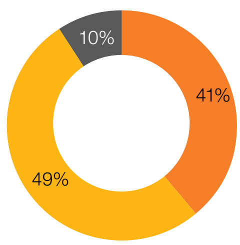
We have considered the ongoing impact of COVID-19 on the Group's business as part of our audit risk assessment and planning. This assessment noted that the Group increased its revenue and profit before tax in the financial period, however we have continued to focus on the control environment as a result of remote working by Glanbia personnel and on the Group's key judgements 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.

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 held planning discussions in person and/or virtually with all significant components during the year and visited a number of locations in the US as part of our audit planning.

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.

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.

Independent auditor's report to the members of Glanbia plc continued

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 judgement 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), 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 77 to 102 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 70 and page 235;
- 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 71;
- the directors' statement on fair, balanced and understandable set out on page 101;
- 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 69 to 71;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 69 to 71; and
- the section describing the work of the Audit Committee set out on pages 103 to 108.

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 1 January 2022. 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 six years, covering the financial periods ending 31 December 2016, 30 December 2017, 29 December 2018, 4 January 2020, 2 January 2021 and 1 January 2022.

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.

Emer O'Shaughnessy
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

2 March 2022

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the Directors but no control procedures can provide absolute assurance in this area. Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

FINANCIAL STATEMENTS

Group income statement
for the financial year ended 1 January 2022

	Notes	2021 Pre-exceptional €'m	2021 Exceptional €'m (note 6)	2021 Total €'m	2020 Pre-exceptional €'m	2020 Exceptional €'m (note 6)	2020 Total €'m
Continuing operations							
Revenue	5	**4,196.9**	**–**	**4,196.9**	3,823.1	–	3,823.1
Operating profit before intangible asset amortisation (earnings before interest, tax and amortisation (EBITA))	5	**270.6**	**(48.4)**	**222.2**	209.6	(34.5)	175.1
Intangible asset amortisation	16	**(63.9)**	**–**	**(63.9)**	(60.9)	–	(60.9)
Operating profit	5	**206.7**	**(48.4)**	**158.3**	148.7	(34.5)	114.2
Finance income	11	**2.0**	**–**	**2.0**	4.1	–	4.1
Finance costs	11	**(19.5)**	**–**	**(19.5)**	(24.6)	–	(24.6)
Share of results of joint ventures accounted for using the equity method	17	**19.2**	**(2.0)**	**17.2**	37.7	(0.3)	37.4
Profit before taxation		**208.4**	**(50.4)**	**158.0**	165.9	(34.8)	131.1
Income taxes	12	**(24.6)**	**7.6**	**(17.0)**	(14.5)	4.2	(10.3)
Profit from continuing operations		**183.8**	**(42.8)**	**141.0**	151.4	(30.6)	120.8
Discontinued operations							
Profit after tax from discontinued operations	7/17	**25.7**	**0.7**	**26.4**	23.9	(0.9)	23.0
Profit for the year		**209.5**	**(42.1)**	**167.4**	175.3	(31.5)	143.8
Attributable to:							
Equity holders of the Company	24			**167.0**			143.8
Non-controlling interests				**0.4**			–
				167.4			143.8
Earnings Per Share from continuing operations attributable to the equity holders of the Company							
Basic Earnings Per Share (cent)	13			**48.47**			40.93
Diluted Earnings Per Share (cent)	13			**48.30**			40.82
Earnings Per Share attributable to the equity holders of the Company							
Basic Earnings Per Share (cent)	13			**57.57**			48.72
Diluted Earnings Per Share (cent)	13			**57.37**			48.59

Group statement of comprehensive income
for the financial year ended 1 January 2022

	Notes	2021 €'m	2020 €'m
Profit for the year		**167.4**	143.8
Other comprehensive income			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurements on defined benefit plans, net of deferred tax		**(0.5)**	8.3
Share of other comprehensive income of joint ventures accounted for using the equity method, net of deferred tax	17	**1.7**	(0.7)
Revaluation of equity investments at FVOCI, net of deferred tax	23	**(0.2)**	–
Share of other comprehensive income of discontinued operations, net of deferred tax	17	**4.3**	7.7
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences	23	**126.7**	(146.9)
Currency translation difference arising on net investment hedge	23	**(6.7)**	8.1
Gain/(loss) on cash flow hedges, net of deferred tax	23(c)	**2.7**	(0.9)
Share of other comprehensive income of joint ventures accounted for using the equity method, net of deferred tax	17	**6.2**	(6.4)
Share of other comprehensive income of discontinued operations, net of deferred tax	17	**1.1**	(0.3)
Other comprehensive income for the year, net of tax		**135.3**	(131.1)
Total comprehensive income for the year		**302.7**	12.7
Attributable to:			
Equity holders of the Company		**302.3**	12.7
Non-controlling interests		**0.4**	–
Total comprehensive income for the year		**302.7**	12.7

Group balance sheet
as at 1 January 2022

	Notes	1 January 2022 €'m	2 January 2021 €'m
ASSETS			
Non-current assets			
Property, plant and equipment	15	**485.2**	433.3
Right-of-use assets	31	**99.9**	90.5
Intangible assets	16	**1,375.4**	1,243.3
Interests in joint ventures	17	**184.8**	395.9
Other financial assets	18	**1.9**	3.2
Loans to joint ventures	35	**42.5**	31.8
Deferred tax assets	26	**4.7**	2.4
Other receivables		**0.8**	–
Derivative financial instruments	29	**0.5**	–
Retirement benefit assets	9	**2.9**	2.6
		2,198.6	2,203.0
Current assets			
Inventories	20	**593.6**	377.6
Trade and other receivables	19	**359.4**	319.2
Current tax receivable		**8.8**	–
Derivative financial instruments	29	**2.2**	1.3
Cash and cash equivalents (excluding bank overdrafts)	21	**231.0**	164.3
		1,195.0	862.4
Joint venture held for sale	7	**234.0**	–
		1,429.0	862.4
Total assets		**3,627.6**	3,065.4
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	22	**105.0**	105.3
Other reserves	23	**245.5**	126.0
Retained earnings	24	**1,381.7**	1,380.5
		1,732.2	1,611.8
Non-controlling interests		**8.1**	–
Total equity		**1,740.3**	1,611.8
LIABILITIES			
Non-current liabilities			
Borrowings	25	**697.2**	458.4
Lease liabilities	31	**105.0**	94.4
Other payables	28	**32.6**	–
Retirement benefit obligations	9	**17.1**	31.9
Deferred tax liabilities	26	**144.4**	146.5
Provisions	27	**3.6**	3.3
		999.9	734.5
Current liabilities			
Trade and other payables	28	**669.3**	441.6
Borrowings	25	**136.5**	199.8
Lease liabilities	31	**14.5**	15.8
Current tax liabilities		**53.0**	50.3
Derivative financial instruments	29	**1.2**	3.7
Provisions	27	**12.9**	7.9
		887.4	719.1
Total liabilities		**1,887.3**	1,453.6
Total equity and liabilities		**3,627.6**	3,065.4

On behalf of the Board

Donard Gaynor **Siobhán Talbot** **Mark Garvey**
Directors
2 March 2022

Group statement of changes in equity
for the financial year ended 1 January 2022

	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	Non-controlling interests €'m	Total €'m
Balance at 3 January 2021	**105.3**	**126.0**	**1,380.5**	**1,611.8**	**–**	**1,611.8**
Profit for the year	**–**	**–**	**167.0**	**167.0**	**0.4**	**167.4**
Other comprehensive income	**–**	**129.8**	**5.5**	**135.3**	**–**	**135.3**
Total comprehensive income for the year	**–**	**129.8**	**172.5**	**302.3**	**0.4**	**302.7**
Dividends	**–**	**–**	**(80.5)**	**(80.5)**	**–**	**(80.5)**
Purchase of own shares	**–**	**(94.0)**	**–**	**(94.0)**	**–**	**(94.0)**
Cancellation of own shares	**(0.5)**	**91.8**	**(91.3)**	**–**	**–**	**–**
Issuance of shares	**0.2**	**–**	**–**	**0.2**	**–**	**0.2**
Cost of share-based payments	**–**	**15.9**	**–**	**15.9**	**–**	**15.9**
Transfer on exercise, vesting or expiry of share-based payments	**–**	**0.8**	**(0.8)**	**–**	**–**	**–**
Deferred tax on share-based payments	**–**	**–**	**1.3**	**1.3**	**–**	**1.3**
Non-controlling interests on acquisition of subsidiary (note 34)	**–**	**–**	**–**	**–**	**7.7**	**7.7**
Recognition and remeasurement of put option liability (note 34)	**–**	**(24.8)**	**–**	**(24.8)**	**–**	**(24.8)**
Balance at 1 January 2022	**105.0**	**245.5**	**1,381.7**	**1,732.2**	**8.1**	**1,740.3**
Balance at 5 January 2020	105.4	269.1	1,315.0	1,689.5	–	1,689.5
Profit for the year	–	–	143.8	143.8	–	143.8
Other comprehensive income	–	(146.4)	15.3	(131.1)	–	(131.1)
Total comprehensive income for the year	–	(146.4)	159.1	12.7	–	12.7
Dividends	–	–	(78.6)	(78.6)	–	(78.6)
Purchase of own shares	–	(17.6)	–	(17.6)	–	(17.6)
Cancellation of own shares	(0.1)	16.7	(16.6)	–	–	–
Cost of share-based payments	–	5.2	–	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	–	0.6
Balance at 2 January 2021	105.3	126.0	1,380.5	1,611.8	–	1,611.8

Group statement of cash flows
for the financial year ended 1 January 2022

	Notes	2021 €'m	2020 €'m
Cash flows from operating activities			
Cash generated from operating activities before exceptional items	32	**358.0**	349.4
Cash outflow related to exceptional items		**(55.9)**	(29.5)
Interest received		**2.1**	4.6
Interest paid (including interest expense on lease liabilities)		**(18.8)**	(25.0)
Tax paid		**(34.3)**	(22.1)
Net cash inflow from operating activities		**251.1**	277.4
Cash flows from investing activities			
Payment for acquisition of subsidiaries		**(95.0)**	(21.9)
Purchase of property, plant and equipment		**(49.0)**	(38.0)
Purchase of intangible assets	16	**(28.5)**	(26.2)
Interest paid in relation to property, plant and equipment	11	**(0.5)**	(0.5)
Proceeds from sale of property, plant and equipment		**1.5**	–
Dividends received from joint ventures*	17/35	**33.9**	36.6
Loans advanced to joint ventures	35	**(10.7)**	(3.0)
Investment in joint ventures	17	**–**	(6.6)
Proceeds from disposal/redemption of FVOCI financial assets	18	**1.1**	0.3
Payments for FVOCI financial assets	18	**(0.1)**	(0.1)
Net cash outflow from investing activities		**(147.3)**	(59.4)
Cash flows from financing activities			
Purchase of own shares	23	**(94.0)**	(17.6)
Drawdown of borrowings	25/33	**458.5**	1,057.2
Repayment of borrowings	25/33	**(383.4)**	(1,222.0)
Payment of lease liabilities	33	**(19.1)**	(19.2)
Dividends paid to Company shareholders	14/24	**(80.5)**	(78.6)
Proceeds from issue of shares	22	**0.2**	–
Net cash outflow from financing activities		**(118.3)**	(280.2)
Net decrease in cash and cash equivalents		**(14.5)**	(62.2)
Cash and cash equivalents at the beginning of the year		**91.6**	164.7
Cash and cash equivalents acquired on acquisition	25/34	**4.4**	–
Effects of exchange rate changes on cash and cash equivalents		**13.0**	(10.9)
Cash and cash equivalents at the end of the year	21	**94.5**	91.6

* €12.2 million relates to discontinued operations (2020: €12.6 million) and represents the net cash inflow from investing activities from discontinued operations.

Notes to the financial statements
for the financial year ended 1 January 2022

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 Americas, Europe and Asia Pacific. 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. The Company is the ultimate parent of the Group from 1 July 2020 and its shares are quoted on the Euronext Dublin and London Stock Exchange.

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 2 March 2022.

2. Summary of significant accounting policies
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 joint ventures 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, contingent consideration, put option liability, 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 1 January 2022. Comparatives are for the 52-week period ended 2 January 2021. The balance sheets for 2021 and 2020 have been drawn up as at 1 January 2022 and 2 January 2021 respectively.

Re-presentation
Certain comparative amounts in the Group statement of cash flows and the 'cash generated from operating activities' note have been re-presented on a basis consistent with the current year. The re-presentation is to present the cash flows on exceptional items separately. There was no impact on previously reported profit or net assets. In addition, the comparative Group income statement and Group statement of comprehensive income were re-presented to reflect a discontinued operation (note 7).

Going concern
After making appropriate enquiries and given due regard to the Covid-19 considerations below, 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 consolidated financial statements. The Group therefore considers it appropriate to adopt the going concern basis in preparing its consolidated financial statements.

Covid-19 considerations
While the Group remains vigilant to the continued volatile and disruptive potential of the Covid-19 pandemic, the Group has been highly cash generative from its operating activities 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 the strong trading performance and operating cash flow for 2021, not having to avail of any government support and assistance related to Covid-19, and events during the year such as the completion of the LevlUp and PacMoore acquisitions (note 34), the launch of a new share repurchase programme in December 2021 (note 29(c)), payment of an interim dividend, and a final dividend recommended by the Directors (note 14). Furthermore, the Group has no committed facilities due prior to January 2024 (note 25).

Nevertheless, the Group considered the impact of Covid-19 in the preparation of the 2021 financial statements with the most relevant considerations described below.

Significant judgements and sources of estimation uncertainty
The key impact of Covid-19 is on the cash flow projections used in calculating value in use of cash generating units in the impairment testing of goodwill and indefinite life intangibles. Given the economic uncertainty resulting from Covid-19, it is difficult to ascertain the impact on the Group's prospective financial performance. As an additional analysis, the Group has increased the sensitivities over EBITDA growth in 2022 and 2023. If the Group experienced 20% decrease in EBITDA growth in those years, there would have been no change to the conclusion of the sensitivity analysis in note 16.

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. 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.

Notes to the financial statements continued

2. Summary of significant accounting policies continued

Impairment of trade receivables and loans to joint ventures

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. 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 joint ventures to reflect future economic conditions (including the effects of Covid-19) where appropriate.

Impact of climate related matters

The Group has considered the impact of climate change on the financial statements including the impairment of financial and non-financial assets, the useful lives of those assets, and provisions, particularly in the context of the disclosure included in the Strategic Report which includes detail on the Taskforce for Climate-related Financial Disclosure (TCFD) requirements, refer to pages 61 to 66. The assessment concludes that climate change is not expected to have a material impact on the viability of the Group in the short term, and includes the following specific considerations:

- The Group has carried out a climate risk and opportunity (CRO) assessment during 2021, which resulted in the identification of 13 thematic CROs, prior to consideration of mitigating measures.
- The CRO assessment did not indicate obsolete production methods, site locations or products, hence management do not determine any short term impact on the business. A detailed modelling and scenario exercise will be undertaken in 2022 to assess the longer term impact of these risks and opportunities for the Group, including the strategic response to leverage these opportunities and mitigate risks.
- We have specifically considered the impact of the transition and physical risks identified on the carrying value of fixed assets and in our goodwill impairment assessment, in the context of the estimated likelihood and velocity, taking into account the reliable external and internal sources of information available to us and concluded it is not possible to quantify the financial impact of the potential CROs at this stage.
- The Group carried out sensitivity analysis in respect of the CGU's, using the following sensitivity assumptions 1% increase in the discount rate, 10% decrease in EBITDA growth and a nil terminal value growth (note 16).

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and 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. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Company and to the non-controlling interests. Inter-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Interests in joint ventures

Interests 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.

Interests 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 joint ventures accounted for using the equity method' in the Group income statement. The Group's share of joint ventures post acquisition movement in reserves is recognised in the Group statement of 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. This may mean that amounts previously recognised in other comprehensive income are classified to the Group income statement.

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.

Non-current assets held for sale and discontinued operations
Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying value and the fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than continued use. This condition is regarded as satisfied only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year of the date of classification.

When the Group is committed to a sale plan involving disposal of a joint venture, the interest in the joint venture that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method of accounting in relation to the portion that is classified as held for sale.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operation, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Group income statement. In addition, the comparative Group income statement and Group statement of comprehensive income are re-presented as if the operation had been discontinued from the start of the comparative year.

Additional disclosures are provided in Note 7. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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.

Notes to the financial statements continued

2. Summary of significant accounting policies continued

The principal exchange rates used for the translation of results and balance sheets into euro are as follows:

	Average		Year end	
1 euro =	2021	2020	2021	2020
US dollar	**1.1826**	1.1423	**1.1326**	1.2271
Pound sterling	**0.8596**	0.8898	**0.8403**	0.8990

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 ("PP&E") 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 and assets under construction are 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 aggregate of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the net identifiable assets 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.

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.

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 (cash generating units ("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.

Investments in equity instruments

The Group classifies and measures its investments in 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 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 joint ventures and financial assets at amortised cost

Trade and other receivables, loans to joint ventures 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.

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 measure ECL which uses a lifetime expected loss allowance for all trade receivables. A loss allowance for the amount of receivables that is subject to credit risk 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.

Notes to the financial statements continued

2. Summary of significant accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and 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, other than put options over non-controlling interests, 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.

Put option liability over non-controlling interests

A put option that is held by non-controlling interests in a subsidiary is one where the holder of the put option can require the Group to acquire the non-controlling interests' shareholding in the subsidiary at a future date. The Group assesses whether the non-controlling interests continue to have a present ownership interest in the shares subject to the put option. Present ownership interest can be evidenced by non-controlling interests continuing to have a right to the receipt of dividends, or benefiting from increases in net assets while holding a voting entitlement to the shares subject to the put option.

If it is considered that the put option holders continue to have a present ownership interest, the Group recognises non-controlling interests in the subsidiary, including subsequent updates to reflect its share of profit and losses, dividends and other changes. A put option liability is initially recognised based on an estimate of the fair value of the consideration to acquire the non-controlling interests shares that are subject to the put option with a corresponding debit to equity. Changes in the estimated fair value of the liability, which is re-evaluated at each year end, are recognised within equity.

If the non-controlling interests do not have present ownership rights from the put option, the transaction is accounted for as if the Group had acquired the non-controlling interests at the date of entering into the put option.

Borrowings

Borrowings are recognised initially at fair value and subsequently stated at amortised cost.

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 derecognition of the original liability and 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 the income statement.

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.

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 OCI. 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 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.

Call options over non-controlling interests
If the Group has a call option over the shares held by non-controlling interests in a subsidiary where the Group can require the non-controlling interests to sell its shareholding in the subsidiary at a future date, the call option is recognised as a derivative asset on its inception. Changes in the fair value of the derivative asset are recognised in 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.

Notes to the financial statements continued

2. Summary of significant accounting policies continued

Net realisable value is the estimated selling price in the ordinary course of business, less all 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 ("ROU 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 an expense on a straight-line basis over the lease term.

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.

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.

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 total shareholder return ("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.

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.

Options under the 2002 Long-term incentive plan (2002 LTIP)

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 TSR and the awards contain both market and non-market vesting 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.

Notes to the financial statements continued

2. Summary of significant accounting policies continued

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.

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

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.

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. Repurchase of the Company's own equity instruments is recognised and deducted from equity with a transfer between the own shares reserve and retained earnings when they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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
The segments reported in note 4 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.

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 significant adjustments arising from the re-assessment of asset lives, adjustments to contingent consideration, significant acquisition integration costs, restructuring costs including termination benefits, profit or loss on disposal or termination of operations, significant reorganisation programmes that may span over a reporting period(s), significant 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/or 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 joint ventures accounted for using the equity method.

Notes to the financial statements continued

2. Summary of significant accounting policies continued

Adoption of amended standards

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 financial statements:

- Amendment to IFRS 16 'Covid-19-Related Rent Concessions'
- Amendments to IFRS 4 'Extension of the Temporary Exemption from Applying IFRS 9'
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – Phase 2' (see below for further details)

Interest rate benchmark reform - Phase 2

The Group continues to monitor developments relating to the interest rate benchmark reform ("IBOR Reform") initiatives with particular attention to announcements by relevant regulatory authorities regarding LIBOR cessation. The Group Treasury function is charged with responsibility for managing all aspects of the transition process. During the year, Group Treasury reviewed all relevant external funding agreements and derivative transactions and determined that the potential impacts of IBOR reform will be with respect to replacement USD LIBOR benchmarks under the Group's various Revolving Credit Facilities. In accordance with Financial Conduct Authority ("FCA") announcements on USD LIBOR cessation, the Group currently does not expect to adopt replacement benchmarks until closer to 30 June 2023. Consequential loan amendments will be made in line with regulatory timeframes. Group Treasury also reviewed the impact of IBOR reform on the Group's treasury system design and related processes and continues to liaise with system vendors to manage the transition. Overall, the Group does not anticipate that any changes required as part of the IBOR reform will have a material financial impact.

New and amended standards that are not yet effective

The Group has not applied certain new standards and amendments to existing standards that have been issued but are not yet effective. The most significant of which are as follows:

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 (EU effective date: on or after 1 January 2022)

The amendments prohibit 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.

Disclosure of Accounting Policies – Amendments to IAS 1 (IASB effective date: on or after 1 January 2023)

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (IASB effective date: on or after 1 January 2023)

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The Group is currently evaluating the impact of the above 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. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. Revisions to estimates are recognised prospectively.

The most significant judgements and key sources of estimation uncertainty identified in the preparation of these financial statements are set out below. With the exception of retirement benefit obligations which are subject to market conditions, it is not expected that there will be a material adjustment to the carrying value of assets and liabilities of the other areas outlined below.

Judgements

Joint venture classified as held for sale and presented as discontinued operations

The Company announced its intention to sell its 40% holding in Glanbia Ireland DAC ("Glanbia Ireland") to Glanbia Co-operative Society Ltd (the "Society") for €307 million in November 2021 (the "Proposed Transaction"). The interest in joint venture, Glanbia Ireland is held for sale in its present condition subject only to usual and customary terms. The Directors are of the opinion that the sale of Glanbia Ireland to the buyer is highly probable based on the considerations below and accordingly, the interest in Glanbia Ireland is classified as held for sale.

- The Company and the buyer signed binding legal agreements relating to the Proposed Transaction on 8 December 2021;
- Members of the Society approved the Proposed Transaction on 17 December 2021;
- Based on the historical experience of the Company, it is expected that the Company's independent shareholders will approve the Proposed Transaction at an extraordinary general meeting subsequent to year end (note 36); and
- The buyer does not anticipate any barriers or challenges to regulatory approval.

The Group invests in dairy and agribusiness in Ireland through its significant investment in Glanbia Ireland as evidenced by the carrying amount of the investment in the joint venture, which is classified as held for sale, and its share of profit after tax (note 7 and 17). Furthermore, Glanbia Ireland is an operating segment and a separately reported segment of the Group (note 4). Hence, the Directors are of the opinion that it is appropriate to present Glanbia Ireland as discontinued operations.

Exceptional items
The Group considers that items of income or expense which are significant by virtue of their scale and/or 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. The interest in the joint venture is classified as held for sale as at 1 January 2022 (note 7).

Estimates
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, online, 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 a joint venture that is classified as held for sale as at 1 January 2022 and the amounts stated represent the Group's share presented as discontinued operations (note 7). Glanbia Ireland is reported as a segment as the Chief Operating Decision Maker ("CODM") continues to review its results until the proposed disposal is concluded.

Other segments and unallocated

All other segments and unallocated include both the results of other joint ventures who manufacture and sell cheese and dairy ingredients and unallocated corporate costs. These investees did not meet the quantitative thresholds for reportable segments in 2021 or 2020.

These segments align with the Group's internal financial reporting system and the way in which the 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 joint ventures represents the Group's share.

Pre-exceptional segment results are as follows:

2021	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	**1,303.3**	**2,955.5**	–	**4,258.8**	–	**4,258.8**
Inter-segment revenue	**(0.2)**	**(61.7)**	–	**(61.9)**	–	**(61.9)**
Revenue	**1,303.1**	**2,893.8**	–	**4,196.9**	–	**4,196.9**
Operating profit before intangible asset amortisation (EBITA)	**145.1**	**125.5**	–	**270.6**	–	**270.6**
Share of results of joint ventures accounted for using the equity method	–	–	–	–	**19.2**	**19.2**
Profit after tax from discontinued operations	–	–	**25.7**	**25.7**	–	**25.7**
2020						
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
Operating profit before intangible asset amortisation (EBITA)	91.2	118.4	–	209.6	–	209.6
Share of results of joint ventures accounted for using the equity method	–	–	–	–	37.7	37.7
Profit after tax from discontinued operations	–	–	23.9	23.9	–	23.9

Included in external revenue are related party sales between Glanbia Nutritionals and Glanbia Ireland of €0.7 million (2020: €0.6 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 €736.3 million (2020: €681.2 million) and €543.3 million (2020: €513.7 million) is derived from two external customers respectively within the Glanbia Nutritionals segment.

Pre-exceptional segment operating profit before intangible asset amortisation (EBITA) is reconciled to reported profit before tax and profit after tax in the Group income statement.

Other pre-exceptional segment information is as follows:

2021	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		**23.4**	**39.6**	**–**	**63.0**	**(1.4)**	**61.6**
Amortisation and impairment of intangible assets	16	**45.7**	**18.2**	**–**	**63.9**	**–**	**63.9**
Capital expenditure – additions		**54.9**	**36.5**	**–**	**91.4**	**9.4**	**100.8**
Capital expenditure – business combinations		**49.7**	**44.3**	**–**	**94.0**	**–**	**94.0**
2020							
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

The segment assets and liabilities are as follows:

2021	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	**1,741.3**	**1,138.9**	**262.8**	**3,143.0**	**484.6**	**3,627.6**
Segment liabilities	**441.4**	**446.7**	–	**888.1**	**999.2**	**1,887.3**
2020						
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

Geographical information

Revenue from external customers, and 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 revenue/non-current assets exceed 10% of total Group revenue/non-current assets are set out below.

Revenue from external customers in the table below and in the disaggregation of revenue by primary geographical markets table on the following page 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.

	Revenue		Non-current assets	
	2021 €'m	2020 €'m	**2021 €'m**	2020 €'m
Ireland (country of domicile)	**7.7**	4.7	**713.1**	880.4
US	**3,390.2**	3,177.5	**1,201.9**	1,101.3
Other				
– North America (excluding US)	**79.9**	68.1	**5.2**	5.0
– Europe (excluding Ireland)	**372.6**	307.6	**214.7**	166.6
– Asia Pacific	**265.6**	221.7	**11.2**	9.7
– LATAM	**43.9**	26.7	–	–
– Rest of World	**37.0**	16.8	–	–
	4,196.9	3,823.1	**2,146.1**	2,163.0

Notes to the financial statements continued

4. Segment information continued

Disaggregation of revenue

Revenue is disaggregated based on the Group's internal reporting structures*, the primary geographical markets in which the Group operates**, the timing of revenue recognition, and channel mix as set out in the following tables.

	2021			2020		
	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Total €'m	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Total €'m
Internal reporting structures						
Nutritional Solutions	**–**	**877.4**	**877.4**	–	746.8	746.8
US Cheese	**–**	**2,016.4**	**2,016.4**	–	1,938.3	1,938.3
GPN Americas	**872.3**	**–**	**872.3**	811.1	–	811.1
GPN International (including Direct-to-Consumer)	**430.8**	**–**	**430.8**	326.9	–	326.9
	1,303.1	**2,893.8**	**4,196.9**	1,138.0	2,685.1	3,823.1
Primary geographical markets						
North America	**881.7**	**2,588.4**	**3,470.1**	817.5	2,428.1	3,245.6
Europe	**265.4**	**114.9**	**380.3**	216.8	95.5	312.3
Asia Pacific	**119.5**	**146.1**	**265.6**	87.1	134.6	221.7
LATAM	**9.7**	**34.2**	**43.9**	6.6	20.1	26.7
Rest of World	**26.8**	**10.2**	**37.0**	10.0	6.8	16.8
	1,303.1	**2,893.8**	**4,196.9**	1,138.0	2,685.1	3,823.1
Timing of revenue recognition						
Products transferred at point in time	**1,303.1**	**2,893.8**	**4,196.9**	1,138.0	2,685.1	3,823.1
Products transferred over time	**–**	**–**	**–**	–	–	–
	1,303.1	**2,893.8**	**4,196.9**	1,138.0	2,685.1	3,823.1

Channel mix for Glanbia Performance Nutrition	2021 €'m	2020 €'m
Distributor	**287.7**	180.3
Food, Drug, Mass, Club (FDMC)	**440.0**	428.0
Online	**398.6**	372.8
Specialty	**176.8**	156.9
	1,303.1	1,138.0

The disaggregation of revenue by channel mix is most relevant for Glanbia Performance Nutrition.

* The disaggregation of revenue relating to GPN reflects how it is managed as a result of the GPN transformation programme.

** The table relating to the allocation of revenue to geographical areas in note 4 of the 2020 Annual Report combined disclosures of information about geographical areas (IFRS 8) and disaggregation of revenue (IFRS 15). For 2021, these disclosures are presented separately to differentiate between them.

5. Operating profit

	Notes	2021 Pre-exceptional €'m	2021 Exceptional €'m	2021 Total €'m	2020 Pre-exceptional €'m	2020 Exceptional €'m	2020 Total €'m
Revenue		**4,196.9**	**–**	**4,196.9**	3,823.1	–	3,823.1
Cost of goods sold		**(3,359.9)**	**(6.4)**	**(3,366.3)**	(3,134.1)	(12.6)	(3,146.7)
Gross profit		**837.0**	**(6.4)**	**830.6**	689.0	(12.6)	676.4
Selling and distribution expenses		**(379.7)**	**(0.3)**	**(380.0)**	(310.8)	(3.1)	(313.9)
Administration expenses		**(185.9)**	**(41.7)**	**(227.6)**	(164.0)	(18.8)	(182.8)
Net impairment losses on financial assets		**(0.8)**	**–**	**(0.8)**	(4.6)	–	(4.6)
Operating profit before intangible asset amortisation (EBITA)		**270.6**	**(48.4)**	**222.2**	209.6	(34.5)	175.1
Intangible asset amortisation	16	**(63.9)**	**–**	**(63.9)**	(60.9)	–	(60.9)
Operating profit		**206.7**	**(48.4)**	**158.3**	148.7	(34.5)	114.2

Operating profit is stated after (charging)/crediting:

	Notes	2021 Pre-exceptional €'m	2021 Exceptional €'m	2021 Total €'m	2020 Pre-exceptional €'m	2020 Exceptional €'m	2020 Total €'m
Cost of inventories recognised as an expense in cost of goods sold	20	**(2,979.3)**	**–**	**(2,979.3)**	(2,794.8)	–	(2,794.8)
Employee benefit expense	8	**(405.7)**	**(31.5)**	**(437.2)**	(350.6)	(10.8)	(361.4)
Depreciation of property, plant and equipment	15	**(44.9)**	**–**	**(44.9)**	(45.9)	–	(45.9)
Depreciation of right-of-use assets	31	**(18.1)**	**–**	**(18.1)**	(18.0)	–	(18.0)
Amortisation of intangible assets	16	**(63.9)**	**–**	**(63.9)**	(60.9)	–	(60.9)
Research and development costs		**(18.5)**	**–**	**(18.5)**	(17.3)	–	(17.3)
Lease rentals		**(2.3)**	**–**	**(2.3)**	(2.9)	–	(2.9)
Reversal of impairment/(impairment) of property, plant and equipment	15	**1.4**	**(4.9)**	**(3.5)**	–	(1.3)	(1.3)
Impairment of right-of-use assets	31	**–**	**(0.7)**	**(0.7)**	–	(1.0)	(1.0)
Profit/(loss) on disposal of property, plant and equipment	32	**0.1**	**–**	**0.1**	(0.8)	(1.1)	(1.9)
Auditor's remuneration		**(1.6)**	**–**	**(1.6)**	(1.5)	–	(1.5)
Net foreign exchange loss		**(1.5)**	**–**	**(1.5)**	(1.3)	–	(1.3)

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 2021 €'m	Statutory auditor 2020 €'m	Other statutory auditor network firms 2021 €'m	Other statutory auditor network firms 2020 €'m
The audit of the Group financial statements	**0.8**	0.7	**0.8**	0.8
Other assurance services	**–**	–	**–**	–
Tax advisory services	**–**	–	**–**	–
Other non-audit services	**–**	–	**–**	–
	0.8	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 (2020: €0.3 million) in respect of the audit of the Group's joint ventures.

Notes to the financial statements continued

6. Exceptional items

The nature of the total exceptional items is as follows:

	Notes	2021 €'m	2020 €'m
Organisation redesign costs	(a)	**18.1**	31.2
Pension related costs	(b)	**30.3**	–
Acquisition integration costs	(d)	**–**	3.4
Covid-19 costs	(e)	**–**	3.7
Legal settlement gain	(f)	**–**	(3.4)
Asset impairments	(g)	**–**	(0.4)
Total		**48.4**	34.5
Share of results of joint ventures accounted for using the equity method		**2.0**(b)	0.3(e)
Exceptional tax credit	12	**(7.6)**	(4.2)
Total exceptional charge from continuing operations		**42.8**	30.6
Exceptional (gain)/charge after tax from discontinued operations		**(0.7)**(c)	0.9 (e)
Total exceptional charge after tax for the year	32	**42.1**	31.5

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 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. Costs incurred in both years includes people and property related costs, and professional consulting fees. The investment phase of this multi-year strategic programme is now complete and no further costs are anticipated.

(b) **Pension related costs** relate to the restructure of legacy defined benefit pension schemes associated with the Group and joint ventures, which included initiating a process for the ultimate buy out and wind up of these schemes (note 9) and a further simplification of schemes that remain. Costs incurred relate to the estimated cost of the settlement loss as a result of acquiring a bulk purchase annuity policy to mirror and offset movements in known liabilities of the schemes ("buy-in" transaction), as well as related advisory and execution costs, net of gains from the completion of an Enhanced Transfer Value exercise that reduces risk in remaining schemes.

(c) The exceptional gain from **discontinued operations** relates to the Glanbia Ireland joint venture that was classified as a discontinued operation on 17 December 2021 (note 7). The net gain in 2021 includes once off gains on the settlement of forward contracts and pension reorganisation, net of charges relating to the costs of a company-wide reorganisation programme that includes redundancy cost, professional service costs and impairment charges.

(d) Prior year **acquisition integration costs** comprised material costs relating to the acquisition, integration and restructuring of acquired businesses.

(e) Prior year **Covid-19 costs** related to the initial costs of dealing with the Covid-19 pandemic for both the Group and its joint ventures, including 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.

(f) Prior year **legal settlement gain** related to net compensation received following the successful conclusion of a legacy case.

(g) Prior year **asset impairments** credit related to the release of a provision not required on the disposal of certain inventory following the completion of a rationalisation and simplification of certain product lines and related assets in the GPN business.

7. Joint venture held for sale and discontinued operations

The Company announced its intention to sell its 40% holding in Glanbia Ireland DAC to Glanbia Co-operative Society Ltd for €307 million in November 2021 (the "Proposed Transaction"). The sale is consistent with the Group's ambition to focus on its global nutrition strategy as a brand owner and provider of value added nutrition solutions, serving high growth markets.

On 8 December 2021 the Company and the Society signed binding legal agreements relating to the Proposed Transaction. Members of the Society approved the Proposed Transaction on 17 December 2021. The Proposed Transaction is expected to be completed in the first half of 2022 following the approval of the shareholders of the Company, other than the Society or persons connected with the Society at an extraordinary general meeting and receipt of any necessary regulatory approvals (note 36). Thus, the Group has treated the joint venture arrangement in Glanbia Ireland as an asset held for sale and ceased to apply the equity method of accounting to its interest in Glanbia Ireland from 17 December 2021.

As Glanbia Ireland represented a significant component and separately reported segment of the Group (note 4), the Group's share of Glanbia Ireland's results have been separately presented in the financial statements as discontinued operations. The Group income statement and Group statement of comprehensive income for the comparative year have been re-presented to show the discontinued operation separately from continuing operations.

The profit after tax from discontinued operations included in the Group income statement relate to the Group's share of profit after tax of Glanbia Ireland and are analysed as follows:

	Notes	2021 €'m	2020 €'m
Glanbia Ireland's results (100%)			
Revenue		**2,169.9**	1,906.2
Expenses		**(2,088.3)**	(1,837.3)
Profit before tax		**81.6**	68.9
Tax		**(10.3)**	(8.9)
Profit after tax		**71.3**	60.0
Profit after tax attributable to equity holders of the joint venture		**69.5**	59.1
Reconciliation to the Group's share of Glanbia Ireland's profit after tax			
Group's 40% share of profit after tax		**27.8**	23.6
Adjustments*		**(1.4)**	(0.6)
Share of profit after tax of joint venture (Glanbia Ireland) presented as discontinued operations	17	**26.4**	23.0

* Relates to adjustment in respect of unrealised profit on sales to the Group and amortisation of intangible assets recognised on fair value adjustments.

There was no impairment charge on the joint venture held for sale as the proposed sale price exceeded the carrying amount of the investment in Glanbia Ireland when it was classified as an asset held for sale.

The asset classified as held for sale in the Group balance sheet is:

	Notes	2021 €'m	2020 €'m
Interest in joint venture – Glanbia Ireland	17	**234.0**	–

Associated cumulative amounts recognised in other comprehensive income associated with Glanbia Ireland as at 1 January 2022 were remeasurements on defined benefit plan, net of deferred tax of €5.5 million and fair value movement on cash flow hedges, net of deferred tax of €1.4 million.

Notes to the financial statements continued

8. Employment

The aggregate payroll costs of employees (including Executive Directors) in the Group were:

	Notes	2021 €'m	2020 €'m
Wages and salaries		**341.1**	306.8
Social security costs		**28.6**	25.2
Pension costs – defined contribution plans	9	**11.6**	10.8
Pension costs – defined benefit plans	9	**30.8**	2.8
Other compensation costs			
– Private health insurance		**21.8**	22.3
– Cost of share-based payments	10	**15.9**	5.2
– Company car allowance		**2.1**	1.7
		451.9	374.8

Included within the aggregate payroll costs are exceptional items of €31.5 million (2020: €10.8 million) which include redundancy costs of €1.9 million (2020: €7.3 million). Capitalised labour costs of €14.7 million (2020: €13.4 million) are included within the aggregate payroll costs while the remaining post-exceptional cost of €437.2 million (2020: €361.4 million) are recognised as an expense (note 5).

The Directors' remuneration information is shown on tables A to G on pages 139 to 142 in the Remuneration Committee Report.

The average number of employees, excluding the Group's joint ventures, is analysed into the following reportable segments:

	2021	2020
Glanbia Performance Nutrition	**2,032**	2,031
Glanbia Nutritionals	**2,685**	2,500
	4,717	4,531

9. Retirement benefit obligations

Defined contribution plans

The Group has a number of defined contribution pension plans in operation. €11.6 million (2020: €10.8 million) were recognised in the Group income statement during the year (note 8).

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 30 June 2018 and 1 January 2021.

During 2021, the Trustee Boards of the UK pension plans completed a buy-in transaction whereby the assets of the plans were invested in a bulk purchase annuity policy with a UK pension insurance specialist. The insurance policy was purchased using the existing assets of the plans and a contribution of €35.9 million from the Group. It is the intention of the Trustee Boards that the plans will move to a full buy-out as soon as practical, following which the insurance company will become responsible for the UK pension plan obligations. On completion of the buy-out, the defined benefit assets (comprising the annuity policy) and matching defined benefit obligations will be derecognised from the Group balance sheet. As the bulk purchase annuity policy is structured to enable the plans to move to a buy-out and the intention is to proceed on that basis, the buy-in transaction was accounted for as a settlement with the estimated loss recorded in the income statement as an exceptional item.

The majority of the net UK pension liabilities at 1 January 2022 relates primarily to Guaranteed Minimum Pension equalisation ("GMPe"). These GMPe liabilities will require an additional contribution from the Group prior to the completion of the aforementioned buy-out which is expected to occur in 2022 and result in the recognition of a charge/gain in the income statement in 2022.

In 2021, the Trustee Boards of the Irish pension plans undertook and concluded an enhanced transfer value exercise with an associated €10.7 million of scheme payment and €1.5 million of contribution to fund the enhanced transfer values.

Recognition in the Group balance sheet:

	2021 €'m	2020 €'m
Non-current assets		
Surplus on defined benefit pension plan	**2.9**	2.6
Non-current liabilities		
Deficit on defined benefit pension plan	**(17.1)**	(31.9)
Net defined benefit pension plan liability	**(14.2)**	(29.3)

Notes to the financial statements continued

9. Retirement benefit obligations continued

The amounts recognised in the Group balance sheet and the movements in the net defined benefit obligations over the year are as follows:

2021	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	**(146.3)**	**(112.4)**	**(258.7)**	**125.1**	**104.3**	**229.4**	**(29.3)**
Current service cost	**(1.9)**	**–**	**(1.9)**	**–**	**–**	**–**	**(1.9)**
Interest (expense)/income	**(1.0)**	**(2.1)**	**(3.1)**	**0.9**	**2.1**	**3.0**	**(0.1)**
Settlement gain/(loss)*	**2.9**	**–**	**2.9**	**–**	**(31.7)**	**(31.7)**	**(28.8)**
Total amount recognised in profit or loss	**–**	**(2.1)**	**(2.1)**	**0.9**	**(29.6)**	**(28.7)**	**(30.8)**
Remeasurements							
– Return of plan assets in excess of interest income	**–**	**–**	**–**	**2.9**	**(1.0)**	**1.9**	**1.9**
– Actuarial loss arising from experience adjustments	**(1.5)**	**(0.2)**	**(1.7)**	**–**	**–**	**–**	**(1.7)**
– Actuarial loss arising from changes in demographic assumptions	**(0.7)**	**–**	**(0.7)**	**–**	**–**	**–**	**(0.7)**
– Actuarial loss arising from changes in financial assumptions	**3.7**	**(3.2)**	**0.5**	**–**	**–**	**–**	**0.5**
Total amount recognised in other comprehensive income	**1.5**	**(3.4)**	**(1.9)**	**2.9**	**(1.0)**	**1.9**	**–**
Exchange differences	**–**	**(8.4)**	**(8.4)**	**–**	**8.0**	**8.0**	**(0.4)**
Contributions paid by the employer	**–**	**–**	**–**	**6.4**	**39.8**	**46.2**	**46.2**
Contributions paid by the employee	**(0.3)**	**–**	**(0.3)**	**0.3**	**–**	**0.3**	**–**
Benefits paid	**16.9**	**5.1**	**22.0**	**(16.9)**	**(5.1)**	**(22.0)**	**–**
Net assets attributed to the Group**	**–**	**(12.1)**	**(12.1)**	**–**	**12.2**	**12.2**	**0.1**
At the end of the year	**(128.2)**	**(133.3)**	**(261.5)**	**118.7**	**128.6**	**247.3**	**(14.2)**

* Included in pension related costs (note 6).

** Prior to the buy-in transaction, Glanbia Cheese Limited, a joint venture of the Group, and the Group were employers of the UK pension plans. As part of the buy-in transaction, liabilities and assets of Glanbia Cheese Limited related to the pension plans were attributed to the Group.

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)

The net liability disclosed above relates to funded plans.

The fair value of plan assets at the end of the reporting period are as follows:

	2021				2020			
	Quoted €'m	Unquoted €'m	Total €'m	%	Quoted €'m	Unquoted €'m	Total €'m	%
Equities								
– Consumer	6.0	–	6.0	3	4.2	–	4.2	2
– Financials	5.1	–	5.1	2	4.2	–	4.2	2
– Information technology	5.0	–	5.0	2	4.7	–	4.7	2
– Other	13.5	–	13.5	5	12.2	–	12.2	5
Corporate bonds								
– Investment grade	9.4	–	9.4	4	9.5	–	9.5	4
– Non-investment grade	–	–	–	–	1.6	–	1.6	1
Government bonds and gilts	44.5	–	44.5	18	51.3	–	51.3	22
Property	–	2.2	2.2	1	–	2.3	2.3	1
Cash	3.2	1.0	4.2	2	2.3	6.7	9.0	4
Investment funds	14.4	–	14.4	6	11.0	108.9	119.9	52
Insured assets	–	127.3	127.3	51	–	–	–	–
Other	2.5	13.2	15.7	6	–	10.5	10.5	5
	103.6	143.7	247.3	100	101.0	128.4	229.4	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

The principal risks associated with the bulk of the UK pension plans are mitigated by the bulk annuity policy. Accordingly the Group is exposed to a number of risks on the Irish pension plans and the residual GMPe component of the UK pension plans. The most significant of those risks 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.

Notes to the financial statements continued

9. Retirement benefit obligations continued

Principal assumptions used in the defined benefit pension plans

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2021 ROI	2021 UK	2020 ROI	2020 UK
Discount rate	**1.10%**	**1.90%**	0.70%	1.45%
Inflation rate	**2.10%**	**2.80%–3.40%**	1.10%	2.25%–2.90%
Future salary increases*	**3.10%**	**0.00%**	2.10%	0.00%
Future pension increases	**0.00%**	**2.75%–3.25%**	0.00%	2.25%–2.80%
Mortality rates (years)				
– Male – reaching 65 years of age in 20 years' time	**24.1**	**22.1**	24.0	22.1
– Female – reaching 65 years of age in 20 years' time	**26.2**	**24.5**	26.1	24.4
– Male – currently aged 65 years old	**21.8**	**21.1**	21.7	21.1
– Female – currently aged 65 years old	**24.2**	**23.2**	24.1	23.2

* 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
2021					
Discount rate	0.25% movement	**(5.3)**	**5.5**	**(4.8)**	**5.1**
Inflation rate	0.25% movement	**1.5**	**(1.5)**	**3.8**	**(3.7)**
Mortality rate	1 year movement	**4.2**	**(4.2)**	**6.3**	**(6.4)**
Future salary increases*					
Future pension increases**					
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**					

* 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.

	2021 ROI plans	2021 UK plans	2020 ROI plans	2020 UK plans
Expected contributions to the defined benefit plans for the coming year (€'m)	**2.1**	**–**	3.9	3.6
Weighted average duration of the defined benefit plans	**17 years**	**15 years**	17 years	16 years

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 118 to 142.

The total cost recognised in the Group income statement is analysed as follows:

	Notes	2021 €'m	2020 €'m
The 2018 Long-term incentive plan (2018 LTIP)		**10.5**	4.2
The 2019 Restricted Share Plan (2019 RSP)		**2.8**	1.0
The annual incentive deferred into shares scheme (AIDIS)		**2.6**	–
	8/32	**15.9**	5.2

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, in certain circumstances a personal objective, and Environmental, Social and Governance for the 2021 share awards where applicable.

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 €2.6 million in 2021 (2020: nil) 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.

During the year ended 1 January 2022 40,000 2002 LTIP share options were exercised at an average price of €4.38 per share (2020: nil). The number of share options outstanding and exercisable as at 1 January 2022 is nil (2020: 40,000 share options with a weighted average exercise price of €4.38 per share).

Notes to the financial statements continued

10. Share-based payment expense continued

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 1 January 2022 and 2 January 2021 are as follows:

	2018 LTIP		2008 LTIP		2019 RSP	
	2021 Number	2020 Number	2021 Number	2020 Number	2021 Number	2020 Number
At the beginning of the year	**3,522,382**	1,832,628	**–**	692,603	**503,072**	159,659
Granted	**1,649,825**	1,859,687	**–**	–	**104,818**	360,478
Vested	**(296,153)**	–	**–**	(196,452)	**(187,025)**	(5,033)
Lapsed	**(842,287)**	(169,933)	**–**	(496,151)	**(49,031)**	(12,032)
At the end of the year	**4,033,767**	3,522,382	**–**	–	**371,834**	503,072
Weighted average fair value of awards granted	**€10.94**	€7.43	**–**	–	**€13.29**	€10.35

The assumptions used in the valuation of the awards granted under 2018 LTIP and 2019 RSP during the years ended 1 January 2022 and 2 January 2021 included:

	2018 LTIP – 2021 awards	2018 LTIP – 2020 awards	2019 RSP – 2021 awards	2019 RSP – 2020 awards
Model used	**Monte Carlo**	Monte Carlo	**Discounted cash flow**	Discounted cash flow
Year of earliest vesting date	**2024**	2023	**2022-2023**	2021-2023
Share price at date of award	**€11.57**	€8.24	**€11.57-€14.90**	€9.19-€10.42
Risk-free interest rate	**(0.73%)**	(0.68%)	**–**	–
Expected volatility*	**37.5%**	32.5%	**–**	–
Expected dividend yield	**1.1%**	2.15%	**2.12%-2.30%**	2.57%-2.60%
Fair value – TSR component	**€7.68**	€4.62	**–**	–
Fair value – non-market performance component	**€11.19**	€7.72	**–**	–

* 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	2021 €'m	2020 €'m
Finance income			
Interest income on loans to related parties	35	**1.4**	1.3
Interest income on deposits		**0.1**	2.2
Interest income on swaps		**–**	0.6
Changes in fair value of call option	29(b)	**0.5**	–
Total finance income	32	**2.0**	4.1
Finance costs			
Bank borrowing costs		**(3.8)**	(12.8)
Facility fees		**(2.0)**	(1.7)
Finance cost of private placement debt		**(10.8)**	(7.3)
Interest expense on swaps		**(0.2)**	–
Interest expense on lease liabilities	31	**(2.5)**	(2.8)
Changes in fair value of contingent consideration		**(0.2)**	–
Total finance costs	32	**(19.5)**	(24.6)
Net finance costs		**(17.5)**	(20.5)

Net finance costs do not include capitalised borrowing costs of €0.5 million (2020: €0.5 million) on qualifying assets (note 15). Interest is capitalised at the Group's average interest rate for the period of 3.0% (2020: 2.9%). 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 €0.1 million (2020: nil).

12. Income taxes

	Notes	2021 €'m	2020 €'m
Current tax			
Irish current tax charge		**9.4**	5.7
Adjustments in respect of prior years		**–**	0.1
Irish current tax for the year		**9.4**	5.8
Foreign current tax charge		**28.4**	14.8
Adjustments in respect of prior years		**(0.4)**	(1.4)
Foreign current tax for the year		**28.0**	13.4
Total current tax		**37.4**	19.2
Deferred tax			
Deferred tax – current year		**(20.2)**	(11.6)
Adjustments in respect of prior years		**(0.2)**	2.7
Total deferred tax	26	**(20.4)**	(8.9)
Tax charge		**17.0**	10.3

The tax credit on exceptional items included in the above amounts is as follows:

	Notes	2021 €'m	2020 €'m
Current tax credit on exceptional items		**(3.1)**	(4.2)
Deferred tax credit on exceptional items		**(4.5)**	–
Total tax credit on exceptional items for the year	6	**(7.6)**	(4.2)

The 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:

	2021 €'m	2020 €'m
Profit before tax	**158.0**	131.1
Income tax calculated at Irish rate of 12.5% (2020: 12.5%)	**19.8**	16.4
Earnings at higher Irish rates	**0.2**	2.0
Difference due to overseas tax rates (capital and trading)	**2.2**	8.1
Adjustment to tax charge in respect of previous periods	**(0.6)**	1.4
Tax on share of results of joint ventures accounted for using the equity method included in profit before tax	**(2.1)**	(4.7)
Other reconciling items	**(2.5)**	(12.9)
Total tax charge	**17.0**	10.3

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).

Notes to the financial statements continued

13. Earnings Per Share

Basic

Basic Earnings Per Share is calculated by dividing profit after tax 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 290,059,376 (2020: 295,173,279).

	2021			2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit after tax attributable to equity holders of the Company (€'m)	**140.6**	**26.4**	**167.0**	120.8	23.0	143.8
Basic Earnings Per Share (cent)	**48.47**	**9.10**	**57.57**	40.93	7.79	48.72

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 awards and share options 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.

	2021	2020
Weighted average number of ordinary shares in issue	**290,059,376**	295,173,279
Shares deemed to be issued for no consideration in respect of:		
– Share awards	**1,048,035**	762,861
– Share options	**–**	22,031
Weighted average number of shares used in the calculation of Diluted Earnings Per Share	**291,107,411**	295,958,171
Diluted Earnings Per Share (cent)	**57.37**	48.59

	2021			2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Diluted Earnings Per Share (cent)	**48.30**	**9.07**	**57.37**	40.82	7.77	48.59

14. Dividends

The dividends paid and recommended on ordinary share capital are as follows:

	Notes	2021 €'m	2020 €'m
Equity dividends to shareholders			
Final – paid 15.94c per ordinary share (2020: 15.94c)		**46.5**	47.2
Interim – paid 11.75c per ordinary share (2020: 10.68c)		**34.2**	31.6
Total		**80.7**	78.8
Reconciliation to Group statement of cash flows and Group statement of changes in equity			
Dividends to shareholders		**80.7**	78.8
Waived dividends in relation to own shares		**(0.2)**	(0.2)
Total dividends paid to equity holders of the Company	24	**80.5**	78.6
Equity dividends recommended			
Final 2021 – proposed 17.53c per ordinary share (2020: 15.94c)	36	**50.3**	46.9

The amount of dividends recommended is based on the number of issued shares at year end (note 22). The actual amount will be based on the number of issued shares on the record date (note 36).

15. Property, plant and equipment

	Notes	Land and buildings €'m	Plant and equipment €'m	Motor vehicles €'m	Total €'m
Year ended 1 January 2022					
Opening carrying amount		**188.5**	**244.5**	**0.3**	**433.3**
Exchange differences		**14.0**	**19.4**	**–**	**33.4**
Acquisitions	34	**13.5**	**5.6**	**–**	**19.1**
Additions		**17.7**	**31.5**	**0.1**	**49.3**
Depreciation charge	5/32	**(10.6)**	**(34.1)**	**(0.2)**	**(44.9)**
Impairment	5	**(1.1)**	**(2.4)**	**–**	**(3.5)**
Disposal of assets		**(0.1)**	**(1.4)**	**–**	**(1.5)**
Closing carrying amount		**221.9**	**263.1**	**0.2**	**485.2**
At 1 January 2022					
Cost		**329.1**	**634.3**	**2.9**	**966.3**
Accumulated depreciation and impairment		**(107.2)**	**(371.2)**	**(2.7)**	**(481.1)**
Carrying amount		**221.9**	**263.1**	**0.2**	**485.2**
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		3.9	3.1	–	7.0
Additions		10.0	29.2	–	39.2
Depreciation charge	5/32	(10.9)	(34.7)	(0.3)	(45.9)
Impairment	5	(0.5)	(0.8)	–	(1.3)
Disposal of assets		(0.3)	(1.6)	–	(1.9)
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

Included in the closing cost at 1 January 2022 is an amount of €60.8 million (2020: €25.2 million) incurred in respect of assets under construction. Included in the cost of additions for 2021 is €1.0 million (2020: €0.5 million) incurred in respect of staff costs capitalised into assets. Included in the cost of additions for 2021 is €0.5 million (2020: €0.5 million) incurred in respect of borrowing cost capitalised into assets.

Notes to the financial statements continued

16. Intangible assets

	Notes	Goodwill €'m	Brands and other intangibles €'m	Software costs €'m	Development costs €'m	Total €'m
Year ended 1 January 2022						
Opening carrying amount		**548.4**	**609.7**	**64.6**	**20.6**	**1,243.3**
Exchange differences		**42.6**	**47.8**	**1.6**	**1.7**	**93.7**
Acquisitions		**38.1**	**35.7**	**–**	**–**	**73.8**
Additions		**–**	**–**	**18.4**	**10.1**	**28.5**
Amortisation	4/5/32	**–**	**(39.2)**	**(14.5)**	**(10.2)**	**(63.9)**
Closing carrying amount		**629.1**	**654.0**	**70.1**	**22.2**	**1,375.4**
At 1 January 2022						
Cost		**629.1**	**954.1**	**139.1**	**45.6**	**1,767.9**
Accumulated amortisation and impairment		**–**	**(300.1)**	**(69.0)**	**(23.4)**	**(392.5)**
Carrying amount		**629.1**	**654.0**	**70.1**	**22.2**	**1,375.4**
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		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

The average remaining amortisation period for software costs is 4.8 years (2020: 5.2 years) and development costs is 2.1 years (2020: 2.2 years).

Approximately €11.2 million (2020: €13.5 million) of software additions during the year were internally generated which included €7.3 million (2020: €6.2 million) of staff costs capitalised. Approximately €10.1 million of development cost additions during the year (2020: €10.5 million) were internally generated which included €6.4 million (2020: €6.7 million) of staff costs capitalised.

Brands and other intangibles

	Notes	Brands €'m	Customer relationships €'m	Recipes, Know-how and other €'m	Total €'m
Year ended 1 January 2022					
Opening carrying amount		**417.6**	**170.8**	**21.3**	**609.7**
Exchange differences		**32.7**	**13.1**	**2.0**	**47.8**
Acquisitions	34	**14.0**	**11.5**	**10.2**	**35.7**
Amortisation		**(12.0)**	**(24.9)**	**(2.3)**	**(39.2)**
Closing carrying amount		**452.3**	**170.5**	**31.2**	**654.0**
At 1 January 2022					
Cost		**529.7**	**388.4**	**36.0**	**954.1**
Accumulated amortisation and impairment		**(77.4)**	**(217.9)**	**(4.8)**	**(300.1)**
Carrying amount		**452.3**	**170.5**	**31.2**	**654.0**
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		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

Notes to the financial statements continued

16. Intangible assets continued

Individually material intangible assets with definite useful lives

	Carrying amount 2021 €'m	Average remaining amortisation period 2021 Years	Carrying amount 2020 €'m	Average remaining amortisation period 2020 Years
Brands				
Glanbia Performance Nutrition – BSN	**40.9**	**29**	39.0	30
Glanbia Performance Nutrition – Isopure	**52.3**	**33**	49.8	34
Glanbia Performance Nutrition – think!	**64.4**	**34**	61.2	35
Glanbia Performance Nutrition – Amazing Grass	**31.7**	**35**	30.1	36
Glanbia Performance Nutrition – Body & Fit	**10.7**	**35**	11.0	36
Glanbia Performance Nutrition – SlimFast North America	**92.5**	**37**	87.9	38
Glanbia Performance Nutrition - SlimFast International	**19.0**	**37**	18.0	38
Glanbia Performance Nutrition – LevlUp	**13.6**	**20**	–	–
Customer relationships				
Glanbia Performance Nutrition – Optimum Nutrition	**8.6**	**1**	12.7	2
Glanbia Performance Nutrition – BSN	**10.3**	**4**	11.8	5
Glanbia Performance Nutrition – Isopure	**13.1**	**6**	14.2	7
Glanbia Performance Nutrition – think!	**35.9**	**7**	38.1	8
Glanbia Performance Nutrition – Amazing Grass	**24.2**	**10**	24.6	11
Glanbia Performance Nutrition – SlimFast North America	**36.8**	**12**	37.2	13
Glanbia Performance Nutrition – SlimFast International	**14.2**	**12**	14.2	13

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 2021 €'m	Useful life 2021 Years	Carrying amount 2020 €'m	Useful life 2020 Years
Brands				
Glanbia Performance Nutrition – Optimum Nutrition	**108.3**	**Indefinite**	100.0	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.

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 1 January 2022 and 2 January 2021 are set out below:

	2021			2020		
	Goodwill €'m	**Indefinite life intangibles €'m**	**Discount rate**	Goodwill €'m	Indefinite life intangibles €'m	Discount rate
North America Performance Nutrition	**136.0**	**99.8**	**8.61%**	125.7	92.1	7.39%
North America Lifestyle						
– SlimFast North America	**108.7**	**–**	**8.61%**	100.2	–	7.39%
– think!	**82.2**	**–**	**8.61%**	75.9	–	7.39%
– Amazing Grass	**37.5**	**–**	**8.61%**	34.6	–	7.39%
International	**53.1**	**8.5**	**12.54%**	49.2	7.9	8.82%
Direct-to-Consumer (Body & Fit)	**28.5**	**–**	**10.12%**	27.1	–	8.13%
Direct-to-Consumer (LevlUp)	**27.4**	**–**	**9.11%**	–	–	–
Nutritional Solutions	**139.6**	**–**	**9.06%**	130.2	–	7.39%
Other CGUs without individually significant goodwill	**16.1**	**–**	**8.61%- 12.77%**	5.5	–	8.13%
Carrying amount	**629.1**	**108.3**		548.4	100.0	

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 as described below.

We have considered the impact of the identified transition and physical risks related to climate related matters (note 2) in the context of the estimated likelihood and velocity, taking into account the reliable external and internal sources of information available to us and concluded it is not possible to quantify the financial impact of the potential CROs at this stage.

Discount rates

Refer to the table 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 2022 budget formally approved by, and the strategic plan for 2023 and 2024 as presented to, the Board of Directors. In cases where management have strategic plans beyond 2024 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 (Body & Fit) are over a five year period from 2022 to 2026. In respect of think! lifestyle business the strategy presented to the Board covered a four year period from 2022 to 2025. These cash flows have been used in the impairment calculations.

In preparing the 2022 budget and strategic plan, management considered the Group's history of earnings, past experience, cash flow generation, and the impact of Covid-19 (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 2021 or 2020.

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.

There were no CGU impairments as a result of the applied sensitivity analysis in 2021. In view of Covid-19, as an additional analysis, the Group has increased the sensitivities over EBITDA growth in 2022 and 2023 (note 2). There is no change to the conclusion of the original sensitivity analysis.

Notes to the financial statements continued

17. Interests in joint ventures

The Group's interests in joint ventures at the end of the reporting period is as follows:

	Notes	2021 €'m	2020 €'m
MWC-Southwest Holdings LLC	(a)	**134.6**	122.7
Glanbia Cheese Limited	(b)	**36.2**	36.3
Glanbia Cheese EU Limited	(c)	**14.0**	22.5
Glanbia Ireland DAC	(d)	**–**	214.4
Interests in joint ventures		**184.8**	395.9

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 ("MWC"). 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 and MWC are large scale manufacturers of premium quality block cheese and whey protein ingredients for consumer foods markets internationally. The MWC plant was fully commissioned in 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 direct 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 2022.

(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. The interest in Glanbia Ireland was classified as held for sale as at 1 January 2022 (note 7).

Refer to note 37 for further details of the joint ventures.

The movement in the investments in joint ventures recognised in the Group balance sheet is as follows:

	Notes	2021 €'m	2020 €'m
At the beginning of the year		**395.9**	373.2
Investment in joint ventures		**–**	6.6
Share of profit after tax (post-exceptional)			
– continuing operations		**17.2**	37.4
– discontinued operations	7	**26.4**	23.0
Share of OCI – remeasurements on defined benefit plan, net of deferred tax			
– continuing operations	24	**1.7**	(0.7)
– discontinued operations	24	**4.3**	7.7
Share of OCI – fair value movement on cash flow hedges, net of deferred tax			
– continuing operations		**6.2**	(6.4)
– discontinued operations		**1.1**	(0.3)
Dividends received	35	**(33.9)**	(36.6)
Income tax movement		**(13.8)**	8.8
IFRS 16 transition equity adjustment		**–**	(1.7)
Transferred to assets held for sale	7	**(234.0)**	–
Exchange differences		**13.7**	(15.1)
At the end of the year		**184.8**	395.9

Summarised financial information for joint ventures accounted for using the equity method

Set out below is the summarised financial information for the Group's joint ventures which are accounted for using the equity method. The information below reflects the amounts presented in the financial statements of the joint ventures reconciled to the carrying value of the Group's investments in joint ventures.

2021	Notes	Glanbia Cheese Limited €'m	Glanbia Cheese EU Limited €'m	MWC-Southwest Holdings LLC €'m	Total
Summarised balance sheet (100%):					
Non-current assets		42.9	150.5	705.6	899.0
Current assets					
Cash and cash equivalents		31.2	10.0	52.5	93.7
Other current assets		55.2	17.5	243.7	316.4
		86.4	27.5	296.2	410.1
Non-current liabilities					
Borrowings		–	–	(492.6)	(492.6)
Other non-current liabilities		(3.6)	(69.1)	(22.3)	(95.0)
		(3.6)	(69.1)	(514.9)	(587.6)
Current liabilities					
Bank overdrafts and loans		–	(62.1)	–	(62.1)
Other current liabilities		(58.4)	(18.8)	(217.2)	(294.4)
		(58.4)	(80.9)	(217.2)	(356.5)
Net assets (100%)		67.3	28.0	269.7	365.0
Net assets attributable to equity holders of the Company		67.3	28.0	269.7	365.0
Reconciliation to carrying amount:					
Group's share of net assets		33.6	14.0	134.9	182.5
Adjustment in respect of unrealised profit on sales to the Group		–	–	(0.3)	(0.3)
Dividend income receivable		2.6	–	–	2.6
Carrying amount		36.2	14.0	134.6	184.8
Summarised income statement (100%):					
Revenue		369.7	27.4	1,421.6	1,818.7
Depreciation		(5.2)	–	(28.1)	(33.3)
Amortisation		(0.2)	–	(1.2)	(1.4)
Interest expense		–	(1.3)	(10.4)	(11.7)
Tax		(5.3)	(0.7)	(14.4)	(20.4)
Exceptional items net of tax		(3.9)	–	–	(3.9)
Profit/(loss) after tax		8.4	(16.9)	38.3	29.8
Other comprehensive income		3.5	–	14.1	17.6
Total comprehensive income		11.9	(16.9)	52.4	47.4
Profit/(loss) after tax attributable to equity holders of the Company		8.4	(16.9)	38.3	29.8
Total comprehensive income attributable to equity holders of the Company		11.9	(16.9)	52.4	47.4
Reconciliation to the Group's share of total comprehensive income:					
Group's share of total comprehensive income		6.0	(8.5)	26.2	23.7
Adjustment in respect of unrealised profit on sales to the Group		–	–	(0.3)	(0.3)
Dividends receivable by the Group		2.6	–	–	2.6
Group's share of total comprehensive income		8.6	(8.5)	25.9	26.0
Dividends received by Group	35	11.1	–	10.6	21.7

Notes to the financial statements continued

17. Investments in joint ventures continued

2020	Notes	Glanbia Ireland DAC* €'m	Glanbia Cheese Limited €'m	Glanbia Cheese EU Limited €'m	MWC-Southwest Holdings LLC €'m	Total
Summarised balance sheet (100%):						
Non-current assets		730.7	35.4	139.4	646.1	1,551.6
Current assets						
Cash and cash equivalents		66.6	35.0	14.6	65.6	181.8
Other current assets		425.5	49.7	3.6	154.1	632.9
		492.1	84.7	18.2	219.7	814.7
Non-current liabilities						
Borrowings		(227.8)	–	(49.8)	(441.2)	(718.8)
Other non-current liabilities		(177.9)	(5.0)	(46.7)	(33.7)	(263.3)
		(405.7)	(5.0)	(96.5)	(474.9)	(982.1)
Current liabilities						
Bank overdrafts and loans		(69.7)	–	–	–	(69.7)
Other current liabilities		(282.8)	(47.1)	(16.1)	(145.5)	(491.5)
		(352.5)	(47.1)	(16.1)	(145.5)	(561.2)
Net assets (100%)		464.6	68.0	45.0	245.4	823.0
Net assets attributable to equity holders of the Company		451.9	68.0	45.0	245.4	810.3
Reconciliation to carrying amount:						
Group's share of net assets		180.8	34.0	22.5	122.7	360.0
Adjustment in respect of unrealised profit on sales to the Group		(2.0)	–	–	–	(2.0)
Fair value adjustments on investment in Glanbia Ireland DAC		35.6	–	–	–	35.6
Dividend income receivable		–	2.3	–	–	2.3
Carrying amount		214.4	36.3	22.5	122.7	395.9
Summarised income statement (100%):						
Revenue		1,906.2	320.7	–	1,147.2	3,374.1
Depreciation		(39.9)	(0.1)	–	(18.8)	(58.8)
Amortisation		(2.1)	–	–	(0.1)	(2.2)
Interest (expense)/income		(11.7)	–	0.6	(9.5)	(20.6)
Tax		(8.9)	(5.1)	0.5	(20.3)	(33.8)
Profit after tax		60.0	19.7	(3.4)	53.8	130.1
Other comprehensive income		18.6	(1.5)	–	28.9	46.0
Total comprehensive income		78.6	18.2	(3.4)	82.7	176.1
Profit after tax attributable to equity holders of the Company		59.1	19.7	(3.4)	53.8	129.2
Total comprehensive income attributable to equity holders of the Company		77.6	18.2	(3.4)	82.7	175.1
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	79.8
Adjustment in respect of unrealised profit on sales to the Group		0.5	–	–	–	0.5
Amortisation of intangible assets recognised on the fair value adjustments		(1.1)	–	–	–	(1.1)
Dividends receivable by the Group		–	2.3	–	–	2.3
Group's share of total comprehensive income		30.4	11.4	(1.7)	41.4	81.5
Dividends received by Group	35	12.6	13.1	–	10.9	36.6

* 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. In 2021, the joint venture is classified as held for sale (note 7).

18. Other financial assets

Other financial assets comprise the following:

	Notes	2021 €'m	2020 €'m
Financial assets at amortised cost			
Ornua Co-operative Limited*	29(b)/29(e)	**0.2**	0.4
Equity instruments designated at FVOCI			
The BDO Development Capital Fund		**1.1**	2.2
Others		**0.6**	0.6
Other financial assets		**1.9**	3.2

* 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:

	2021 €'m	2020 €'m
At the beginning of the year	**3.2**	3.4
Disposals/redemption	**(1.1)**	(0.3)
Fair value adjustment	**(0.3)**	–
Additions	**0.1**	0.1
At the end of the year	**1.9**	3.2

19. Trade and other receivables

Current assets	Notes	2021 €'m	2020 €'m
Trade receivables		**327.2**	283.5
Less: loss allowance	29(d)	**(12.0)**	(11.2)
Trade receivables – net		**315.2**	272.3
Receivables from joint ventures	35(c)	**5.4**	7.2
Receivables from other related parties	35(c)	**0.4**	0.3
Interest receivable on loans to joint ventures	35	**0.1**	0.1
Value added tax		**4.4**	11.2
Prepayments		**15.8**	14.4
Other receivables		**18.1**	13.7
		359.4	319.2

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 1 January 2022	**34.4**	**288.9**	**20.4**	**2.5**	**13.2**	**359.4**
At 2 January 2021	38.8	249.6	16.3	2.0	12.5	319.2

Principal currencies in "other" include Indian Rupee and Chinese renminbi.

Notes to the financial statements continued

20. Inventories

	2021 €'m	2020 €'m
Raw materials	**200.3**	120.1
Work in progress	**15.4**	9.1
Finished goods	**338.2**	218.5
Consumables	**39.7**	29.9
	593.6	377.6

Recognition in the Group income statement:

	Notes	2021 €'m	2020 €'m
Cost of inventories recognised as an expense in Cost of Goods Sold	5	**2,979.3**	2,794.8
Write down of inventory to net realisable value during the year		**12.2**	28.1
Previous write downs of inventories reversed during the year*		**(6.1)**	(5.1)
	32	**6.1**	23.0

* Previous write downs have been reversed as a result of increased sales prices in certain markets.

21. Cash and cash equivalents

	Notes	2021 €'m	2020 €'m
Cash at bank and in hand		**224.2**	164.2
Short term bank deposits		**6.8**	0.1
Cash and cash equivalents in the Group balance sheet		**231.0**	164.3
Bank overdrafts used for cash management purposes	25	**(136.5)**	(72.7)
Cash and cash equivalents in the Group statement of cash flows	25	**94.5**	91.6

22. Share capital and share premium

	Number of shares (thousands)	Ordinary shares €'m	Share premium €'m	Total €'m
At 3 January 2021	**294,402**	**17.7**	**87.6**	**105.3**
Issuance of shares	**40**	**–**	**0.2**	**0.2**
Cancellation of own shares	**(7,273)**	**(0.5)**	**–**	**(0.5)**
At 1 January 2022	**287,169**	**17.2**	**87.8**	**105.0**
At 5 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 (2020: 350 million shares) with a par value of €0.06 per share (2020: €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 1 January 2022 40,000 (2020: nil) 2002 LTIP share options exercised. 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 118 to 142.

During 2021, 7.3 million (2020: 1.6 million) ordinary shares were cancelled on the share buyback programme (note 23(e)). The amount paid to repurchase these shares was initially recognised in the own shares reserve and was transferred to retained earnings on cancellation.

23. Other reserves

	Capital and merger reserve €'m note (a)	Currency reserve €'m note (b)	Hedging reserve €'m note (c)	Put option liability reserve €'m note (d)	Own shares €'m note (e)	Share-based payment reserve €'m note (f)	Other €'m note (g)	Total €'m
Balance at 3 January 2021	**116.0**	**31.9**	**(20.6)**	**–**	**(11.4)**	**10.3**	**(0.2)**	**126.0**
Currency translation differences	**–**	**126.7**	**–**	**–**	**–**	**–**	**–**	**126.7**
Net investment hedge	**–**	**(6.7)**	**–**	**–**	**–**	**–**	**–**	**(6.7)**
Revaluation – gross	**–**	**–**	**11.1**	**–**	**–**	**–**	**(0.3)**	**10.8**
Reclassification to profit or loss – gross	**–**	**–**	**1.6**	**–**	**–**	**–**	**–**	**1.6**
Deferred tax	**–**	**–**	**(2.7)**	**–**	**–**	**–**	**0.1**	**(2.6)**
Net change in OCI	**–**	**120.0**	**10.0**	**–**	**–**	**–**	**(0.2)**	**129.8**
Purchase of own shares	**–**	**–**	**–**	**–**	**(94.0)**	**–**	**–**	**(94.0)**
Cancellation of own shares	**0.5**	**–**	**–**	**–**	**91.3**	**–**	**–**	**91.8**
Cost of share-based payments	**–**	**–**	**–**	**–**	**–**	**15.9**	**–**	**15.9**
Transfer on exercise, vesting or expiry of share-based payments	**–**	**–**	**–**	**–**	**7.7**	**(6.9)**	**–**	**0.8**
Initial recognition of put option liability	**–**	**–**	**–**	**(23.2)**	**–**	**–**	**–**	**(23.2)**
Changes in fair value of put option liability	**–**	**–**	**–**	**(1.6)**	**–**	**–**	**–**	**(1.6)**
Balance at 1 January 2022	**116.5**	**151.9**	**(10.6)**	**(24.8)**	**(6.4)**	**19.3**	**(0.4)**	**245.5**
Balance at 5 January 2020	115.9	170.7	(13.0)	–	(14.0)	9.7	(0.2)	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	116.0	31.9	(20.6)	–	(11.4)	10.3	(0.2)	126.0

(a) Capital and merger reserve
The reserve includes capital reserve of €3.4 million (2020: €2.9 million) and merger reserve of €113.1 million (2020: €113.1 million) at the reporting date.

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 €0.5 million (2020: €0.1 million) undenominated share capital that arose on the cancellation of own shares.

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

Notes to the financial statements continued

23. Other reserves continued

(b) 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 1.2271 as at 2 January 2021 to 1.1326 as at 1 January 2022 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.

(c) 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 joint ventures (note 29(a)).

The movements on the hedging reserve for the years ended 1 January 2022 and 2 January 2021 are as follows:

	Joint ventures €'m	Group €'m	Total €'m
Balance at 3 January 2021	**(17.6)**	**(3.0)**	**(20.6)**
Revaluation – gross			
– Foreign exchange contracts – (loss)/gain in year (currency risk)	**(1.1)**	**1.2**	**0.1**
– Commodity contracts – gain in year (commodity price risk)	**0.1**	**–**	**0.1**
– Interest rate swaps – gain in year (interest rate risk)	**9.6**	**1.3**	**10.9**
Recognised in OCI	**8.6**	**2.5**	**11.1**
Reclassification to profit or loss – gross			
– Foreign exchange contracts – loss in year (currency risk)	**0.7**	**0.6**	**1.3**
– Commodity contracts – loss in year (commodity price risk)	**0.3**	**–**	**0.3**
Reclassified from OCI to profit or loss	**1.0**	**0.6**	**1.6**
Deferred tax	**(2.3)**	**(0.4)**	**(2.7)**
Net change in OCI	**7.3**	**2.7**	**10.0**
Balance at 1 January 2022	**(10.3)**	**(0.3)**	**(10.6)**
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)

(d) Put option liability reserve

This reserve records the initial estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option (note 34) and subsequent changes in fair value of the estimated liability (note 29(b)).

(e) 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.

The Group launched a third share buyback programme of up to €50 million in total value in the Company's ordinary shares in December 2021 following the respective completion of two prior share buyback programmes on 9 April 2021 and 20 October 2021. During 2021, the Group repurchased 7.3 million (2020: 1.6 million) ordinary shares under the programmes which were subsequently cancelled (note 22).

The movements in own shares for the years ended 1 January 2022 and 2 January 2021 are as follows:

	2021			2020		
	Value €'m	Nominal value €'m	Number of Shares	Value €'m	Nominal value €'m	Number of Shares
At the beginning of the year	**11.4**	**0.1**	**692,698**	14.0	0.1	820,302
Purchased by Employee Share (Scheme) Trust	**2.7**	**–**	**207,886**	1.0	–	103,709
Purchased under share buyback	**91.3**	**0.5**	**7,272,432**	16.6	0.1	1,643,907
Allocated under Employee Share (Scheme) Trust	**(7.7)**	**–**	**(488,091)**	(3.6)	–	(231,313)
Cancelled under share buyback	**(91.3)**	**(0.5)**	**(7,272,432)**	(16.6)	(0.1)	(1,643,907)
At the end of the year	**6.4**	**0.1**	**412,493**	11.4	0.1	692,698

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 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 1 January 2022 restrict distributable profits by €6.4 million (2020: €11.4 million) and had a market value of €5.1 million (2020: €7.2 million).

(f) Share-based payment reserve
The share-based payment reserve reflects the equity settled share-based payment plans in operation by the Group (note 10).

(g) Other
The reserve includes FVOCI reserve of €(0.4) million (2020: €(0.2) million) and cost of hedging reserve of nil (2020: nil) at the reporting date.

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.

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).

There were no movements on the cost of hedging reserve for the year ended 1 January 2022. Disclosure for the comparative year is as follows:

	Joint ventures €'m	Group €'m	Total €'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	**–**	**–**	**–**

Notes to the financial statements continued

24. Retained earnings

	Notes	2021 €'m	2020 €'m
At the beginning of the year		**1,380.5**	1,315.0
Profit for the year attributable to equity holders of the Company		**167.0**	143.8
Other comprehensive income			
– Remeasurement on defined benefit plans	9	**–**	8.8
– Deferred tax on remeasurements on defined benefit plans	26	**(0.5)**	(0.5)
– Share of remeasurements on defined benefit plans from joint ventures, net of deferred tax	17	**1.7**	(0.7)
– Share of remeasurements on defined benefit plans from discontinued operations, net of deferred tax	17	**4.3**	7.7
		5.5	15.3
Dividends	14	**(80.5)**	(78.6)
Cancellation of own shares	23(e)	**(91.3)**	(16.6)
Transfer on exercise, vesting or expiry of share-based payments		**(0.8)**	1.0
Deferred tax on share-based payments	26	**1.3**	0.6
At the end of the year		**1,381.7**	1,380.5

25. Borrowings

	Notes	2021 €'m	2020 €'m
Non-current			
Bank borrowings		**366.1**	315.8
Private placement debt		**331.1**	142.6
	29(b)	**697.2**	458.4
Current			
Private placement debt		**–**	127.1
Bank overdrafts	21	**136.5**	72.7
		136.5	199.8
Total borrowings	29(e)	**833.7**	658.2

At the year-end, the Group had multi-currency committed term facilities of €1,160.4 million (2020: €1,233.3 million) of which €463.2 million (2020: €647.8 million) were undrawn.

The maturity profile of borrowings, and undrawn committed and uncommitted facilities is as follows:

	2021			2020		
	Borrowings €'m	Undrawn committed facilities €'m	Undrawn uncommitted facilities €'m	Borrowings €'m	Undrawn committed facilities €'m	Undrawn uncommitted facilities €'m
12 months or less	**136.5**	**–**	**15.9**	199.8	–	20.0
Between 1 and 2 years	**–**	**–**	**–**	–	–	–
Between 2 and 5 years	**366.1**	**463.2**	**–**	315.8	484.8	–
More than 5 years	**331.1**	**–**	**–**	142.6	163.0	–
	833.7	**463.2**	**15.9**	658.2	647.8	20.0

The weighted average maturity of committed facilities is 3.9 years (2020: 4.4 years).

The currency profile of borrowings is as follows:

	euro €'m	US dollar €'m	Pound sterling €'m	Canadian dollar €'m	Other €'m	Total €'m
At 1 January 2022	**251.3**	**566.0**	**9.2**	**6.9**	**0.3**	**833.7**
At 2 January 2021	169.2	471.5	11.3	5.0	1.2	658.2

Principal currencies in "other" include Danish krone and Swedish krona (2020: New Zealand dollar and Australian dollar).

Bank borrowings

The Group has committed unsecured bank facilities maturing in 2024. They are borrowed at fixed and floating interest rates. At 1 January 2022, €149.2 million of bank borrowings denominated in USD are at fixed nominal interest rate of 1.24% (2020: €137.7 million at 3.30%). The remaining bank borrowings are subject to interest rate changes, taking account of contractual repricing dates. Nominal interest rates of these borrowings range primarily from 0.25% – 1.91% (2020: 0.28% – 1.34%). The floating interest rates are set at commercial rates based on a margin over EURIBOR, US dollar LIBOR (refer to note 2 for discussion of the IBOR reform) and Canadian dollar interest rates for periods of up to six months.

Private placement debt

At 1 January 2022, €154.5 million of private placement debt matures in December 2031, bears interest at a fixed 2.75% nominal interest rate and is denominated in USD. There was also €176.6 million of an additional private placement debt facility which commenced in March 2021. €88.3 million matures in March 2028, bears interest at a fixed 2.49% nominal interest rate and is denominated in USD and a further €88.3 million matures in March 2031, bears interest at a fixed 2.82% nominal interest rate and is denominated in USD.

Bank overdrafts

Bank overdraft interest rates are variable and range from 0.23% – 1.25% (2020: 0.35% – 1.25%). At 1 January 2022, the Group had undrawn uncommitted bank overdraft facilities of €11.0 million (2020: €10.6 million).

Guarantees

Financial liabilities are secured by cross-guarantees from Glanbia plc. The Group has complied with the financial covenants of its borrowing facilities during 2021 and 2020 (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	2021 €'m	2020 €'m
Private placement debt		**331.1**	269.7
Bank borrowings		**149.2**	137.7
Not subject to interest rate changes*		**480.3**	407.4
Bank borrowings		**216.9**	178.1
Cash and cash equivalents net of bank overdrafts	21	**(94.5)**	(91.6)
Subject to interest rate changes*		**122.4**	86.5
Net debt	29(c)	**602.7**	493.9

* Taking into account of contractual repricing dates at the reporting date.

Notes to the financial statements continued

25. Borrowings continued

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 3 January 2021		**(164.3)**	**72.7**	**315.8**	**269.7**	**493.9**
Drawdown of borrowings	33	**–**	**–**	**290.9**	**167.6**	**458.5**
Repayment of borrowings	33	**–**	**–**	**(252.7)**	**(130.7)**	**(383.4)**
Net change in cash and cash equivalents		**(46.6)**	**61.1**	**–**	**–**	**14.5**
Acquisitions	34	**(4.4)**	**–**	**–**	**–**	**(4.4)**
Exchange differences		**(15.7)**	**2.7**	**12.1**	**24.5**	**23.6**
At 1 January 2022		**(231.0)**	**136.5**	**366.1**	**331.1**	**602.7**
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		–	–	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

26. Deferred taxes

Recognition in the Group balance sheet:

	2021			2020		
	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	**38.2**	**(177.9)**	**(139.7)**	29.7	(173.8)	(144.1)
Set off of deferred tax	**(33.5)**	**33.5**	**–**	(27.3)	27.3	–
Deferred tax assets/(liabilities) after set off	**4.7**	**(144.4)**	**(139.7)**	2.4	(146.5)	(144.1)

The movement in the net deferred tax liability recognised in the Group balance sheet is as follows:

	Notes	2021 €'m	2020 €'m
At the beginning of the year		**(144.1)**	(166.7)
Income statement credit	12	**20.4**	8.9
Deferred tax (charge)/credit to other comprehensive income			
– on remeasurement of defined benefit plans	24	**(0.5)**	(0.5)
– on disposal/redemption of FVOCI financial assets	23	**(0.1)**	–
– on fair value movements	23(c)	**(0.4)**	0.1
Deferred tax credit/(charge) to equity			
– on share-based payments	24	**1.3**	0.6
– on acquisition of subsidiaries	34	**(6.9)**	(0.8)
– on adoption of IFRS 16		**–**	1.5
Exchange differences		**(9.4)**	12.8
At the end of the year		**(139.7)**	(144.1)

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 3 January 2021	**5.5**	**8.8**	**3.0**	**12.4**	**29.7**
(Charge)/credit to income statement	**(0.7)**	**5.1**	**1.4**	**(0.4)**	**5.4**
Charge to other comprehensive income	**(0.5)**	**–**	**–**	**(0.1)**	**(0.6)**
Credit to equity	**–**	**1.3**	**–**	**–**	**1.3**
Exchange differences	**0.5**	**0.9**	**0.1**	**0.9**	**2.4**
At 1 January 2022	**4.8**	**16.1**	**4.5**	**12.8**	**38.2**
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

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 3 January 2021	**(60.7)**	**0.4**	**(79.8)**	**(33.7)**	**(173.8)**
Credit/(charge) to income statement	**2.8**	**–**	**13.8**	**(1.6)**	**15.0**
Charge to other comprehensive income	**–**	**(0.4)**	**–**	**–**	**(0.4)**
Acquisition of subsidiaries and intellectual properties	**–**	**–**	**(6.9)**	**–**	**(6.9)**
Exchange differences	**(4.9)**	**–**	**(6.1)**	**(0.8)**	**(11.8)**
At 1 January 2022	**(62.8)**	**–**	**(79.0)**	**(36.1)**	**(177.9)**
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)

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 €129.3 million (2020: €75.4 million) available for offset against future profits. A deferred tax asset has been recognised in respect of €4.5 million (2020: €3.0 million) of such losses. No deferred tax asset has been recognised in respect of the remaining €124.8 million (2020: €72.4 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 €48.9 million (2020: €44.1 million) of capital losses.

No deferred tax liability has been recognised on temporary differences of €47.5 million (2020: €42.3 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 joint ventures are insignificant.

Notes to the financial statements continued

27. Provisions

	Restructuring €'m note (a)	Property and lease commitments €'m note (b)	Legal and operational €'m note (c)	Total €'m
Balance at 3 January 2021 – non-current	–	3.3	–	3.3
Balance at 3 January 2021 – current	2.5	3.5	1.9	7.9
Amount provided for in the year	2.7	1.3	7.2	11.2
Utilised in the year	(2.9)	(2.1)	–	(5.0)
Unused amounts reversed in the year	(0.1)	(0.2)	(1.3)	(1.6)
Exchange differences	0.1	0.3	0.3	0.7
Balance at 1 January 2022	2.3	6.1	8.1	16.5
Non-current	–	3.6	–	3.6
Current	2.3	2.5	8.1	12.9
	2.3	6.1	8.1	16.5

(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 1 January 2022 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 legal and operational provision relates to certain legal claims, insurance claims and other items. Due to the nature of these items, there is some uncertainty around the amount and timing of payments.

See note 32(a) for analysis of the movement in provisions.

28. Trade and other payables

	Notes	2021 €'m	2020 €'m
Current			
Trade payables		309.0	181.8
Amounts due to joint ventures	35(c)	133.5	78.5
Social security costs		6.9	4.8
Accrued expenses		219.9	159.1
Contingent consideration	29(b)/29(e)	–	17.4
		669.3	441.6
Non-current			
Put option liability	29(b)/29(e)	24.8	–
Contingent consideration	29(b)/29(e)	7.3	–
Other payables		0.5	–
		32.6	–
Total		701.9	441.6

See note 32(a) for analysis of the movement in current trade and other payables. See note 29(b) for information on the Group's fair value estimation process.

29. Derivative financial instruments and financial risk management

(a) Derivative financial instruments

	Notes	2021 Assets €'m	2021 Liabilities €'m	2020 Assets €'m	2020 Liabilities €'m
Cross currency swaps – fair value through income statement		**1.4**	**–**	1.1	–
Foreign exchange contracts – cash flow hedges (currency risk)		**0.8**	**–**	0.2	(1.2)
Interest rate swaps – cash flow hedges (interest rate risk)		**–**	**(1.2)**	–	(2.5)
Call option over non-controlling interests	34	**0.5**	**–**	–	–
Total		**2.7**	**(1.2)**	1.3	(3.7)
Non-current		**0.5**	**(1.2)**	–	(2.5)
Current		**2.2**	**–**	1.3	(1.2)
	29(f)	**2.7**	**(1.2)**	1.3	(3.7)

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 £60.0 million and €70.2 million and a US dollar euro cross currency swap with notional amounts of US$20.0 million and €17.7 million accounted for at fair value. The translation gain included in the income statement in respect of these swaps is €1.4 million.

At 2 January 2021, there was a pound sterling euro cross currency swap with a notional amount of £80.0 and €87.9 million. The translation gain included in the 2020 income statement in respect of this swap was €1.1 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 1 January 2022 is 1 euro = 1.1900 US dollar (2020: 1 euro = 1.2160 US dollar).

The notional principal amounts of the outstanding foreign exchange contracts as at 1 January 2022 were €14.9 million (2020: €18.9 million). All outstanding foreign exchange contracts will mature and be released to the income statement within 12 months of the reporting date (2020: 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 as at 1 January 2022 were €120.0 million (2020: €120.0 million). Weighted average hedged rate of interest rate swaps as at 1 January 2022 is 0.20% (2020: 0.20%). All outstanding interest rate swaps mature in 2023.

Commodity contracts

The Group may use commodity contracts to hedge its future cash flow risk from movement in milk prices. There were no outstanding commodity options contracts as at 1 January 2022 (2020: nil). All commodity options that were entered into during the period had expired as at the end of the reporting period.

Gain/(loss) recognised in other comprehensive income	Notes	2021 €'m	2020 €'m
Foreign exchange contracts	23(c)	**1.2**	(1.1)
Commodity contracts	23(c)	**–**	0.1
Interest rate swaps	23(c)	**1.3**	(0.4)
		2.5	(1.4)

Notes to the financial statements continued

29. Derivative financial instruments and financial risk management continued

Loss/(gain) transferred from cash flow hedge reserve to the Group income statement	Notes	2021 €'m	2020 €'m
Foreign exchange contracts	23(c)	**0.6**	0.5
Commodity contracts	23(c)	**–**	(0.1)
		0.6	0.4

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	2021 €'m	2020 €'m
Commodity options	23(g)	**–**	(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 2021 (2020: nil). If ineffectiveness had been recognised, it would have been recorded in "Administration expenses" in the income statement.

Refer to note 23(c) and 23(g) 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 joint ventures
The Group's joint ventures 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 joint ventures.

The movement recognised in other comprehensive income on interest rate swaps (note 23(c)) represents the Group's share of the movement in the interest rate swaps entered into by joint ventures. All movements are recognised against the carrying value of the interest in joint ventures until repayment of the related bank borrowings.

Net investment hedge
A portion of the Group's US dollar denominated borrowings (refer to note 25) with a nominal amount of US$98.5 million (2020: 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 (2020: US$98.5 million). Therefore, hedge ratio is 1:1.

	Notes	2021 €'m	2020 €'m
Carrying value of net investment hedge		**87.0**	80.3
(Loss)/gain recognised in other comprehensive income	23	**(6.7)**	8.1

The borrowings of US$98.5 million is translated at year end exchange rate of 1 euro = 1.1326 US dollar (2020: 1 euro = 1.2271 US dollar) to arrive at carrying amount of €87.0 million (2020: €80.3 million). €10.6 million (2020: €3.9 million) of the currency reserve (refer to note 23) relates to the net investment hedge. There was no ineffectiveness recognised in the income statement during the year (2020: 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 2021 €'m	Fair value 2021 €'m	Carrying amount 2020 €'m	Fair value 2020 €'m
Financial assets					
– Non-current financial asset at amortised cost – Ornua Co-Operative Limited	18	**0.2**	**0.2**	0.4	0.4
– Non-current loans to joint ventures	35	**42.5**	**42.6**	31.8	32.1
Financial liabilities					
– Non-current borrowings	25	**697.2**	**673.2**	458.4	463.8

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.

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	2021 €'m	2020 €'m
Assets				
Equity instrument designated at FVOCI – BDO Development Capital Fund	(a)	Level 2	**1.1**	2.2
Cross currency swaps – fair value through income statement	(b)	Level 2	**1.4**	1.1
Foreign exchange contracts - cash flow hedges	(c)	Level 2	**0.8**	0.2
Call option over non-controlling interests	(d)	Level 3	**0.5**	–
Liabilities				
Foreign exchange contracts – cash flow hedges	(c)	Level 2	**–**	(1.2)
Interest rate swaps – cash flow hedges	(e)	Level 2	**(1.2)**	(2.5)
Put option liability	(d)	Level 3	**(24.8)**	–
Contingent consideration		Level 3	**(7.3)**[(d)]	(17.4)[(f)]

(a) The investment in BDO Development Capital Fund (note 18) is fair valued by reference to the latest quarterly report available to the limited partners.
(b) Fair value is determined by reference to the current foreign exchange rates at the end of the reporting period.
(c) 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 2021 and 2020.
(d) Refer to note 34 for a description of how the fair values of the call option over non-controlling interests, put option liability and contingent consideration relating to the LevlUp acquisition are estimated.
(e) 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 2021 and 2020.
(f) The contingent consideration of €17.4 million at 2 January 2021 relates to the Foodarom acquisition. The contingent consideration arrangement required the Group to pay the former owners of Foodarom an earnout if a pre-defined earnings threshold was exceeded within a defined period post acquisition. Under the acquisition agreement, the undiscounted amount of future payments for which the Group might be liable ranged 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 was due to be paid within 12 months, the effect of discounting is not material. The main significant unobservable input in the calculation was the forecast EBITDA of Foodarom over the relevant period. As it was deemed highly probable that the higher end of the EBITDA range would be met, the Group assumed that the upper limit of the earnout would 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.

There were no transfers in either direction between Level 1 and Level 2 in 2021 and 2020. The movement in carrying amounts associated with Level 3 financial instruments are as follows:

	Call option over non-controlling interests €'m	Put option liability €'m (note 23)	Contingent consideration €'m
At 3 January 2021	**–**	**–**	**(17.4)**
Additions through business combination (note 34)	**0.4**	**(23.2)**	**(7.1)**
Remeasurements	**0.1**	**(1.6)**	**(0.6)**
Settlements	**–**	**–**	**19.3**
Exchange translation adjustments	**–**	**–**	**(1.5)**
At 1 January 2022	**0.5**	**(24.8)**	**(7.3)**
At 5 January 2020	–	–	–
Additions through business combination	–	–	(17.4)
At 2 January 2021	–	–	(17.4)

Notes to the financial statements continued

29. Derivative financial instruments and financial risk management continued

(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	2021 €'m	2020 €'m
Equity		**1,740.3**	1,611.8
Net debt	25	**602.7**	493.9
Total capital		**2,343.0**	2,105.7

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, 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 Group launched a third share buyback programme of up to €50 million in total value in the Company's ordinary shares in December 2021 following the respective completion of two prior share buyback programmes on 9 April 2021 and 20 October 2021. The purpose of the share buyback programmes is to reduce the share capital of the Company. Any shares repurchased for this purpose will be cancelled. Each programme runs from the date of announcement of the programme and concluding no later than the Company's next Annual General Meeting.

The Group's key financing arrangements are: adjusted EBIT: net finance cost and net debt: adjusted EBITDA ratios, as defined within covenants.

At 1 January 2022, the Group's net debt: adjusted EBITDA ratio was 1.71 times (2020: 1.70 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 period divided by adjusted EBITDA. Net debt is calculated as current and non-current borrowings 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 joint ventures, acquisitions or disposals and to reverse the net impact on EBITDA as a result of adopting IFRS 16 'Leases'.

At 1 January 2022 the Group's adjusted EBIT: adjusted net finance cost was 15.1 times (2020: 10.0 times) which is within the Group's financing covenants. Adjusted EBIT: adjusted 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 joint ventures divided by adjusted net finance cost. Adjusted net finance cost comprises finance costs less finance income per the Group income statement plus borrowing costs capitalised into assets and excludes finance income/costs on changes in fair value of call options and contingent consideration and interest expense on lease liabilities.

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 2021 and 2020.

(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	2021 €'m	2020 €'m
Impact on profit before tax*	-/+10.5	–/+7.4
Impact on total equity**	-/+60.9	–/+54.2

* 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 1 January 2022 were €14.9 million (2020: €18.9 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.

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 €216.9 million (2020: €178.1 million) (note 25). 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. See note 29(a) for the floating to fixed interest rate swaps entered into by the Group to hedge against this exposure.

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	2021 €'m	2020 €'m
Impact on profit before tax	-/+0.2	–/+0.9
Impact on total equity	-/+0.2	–/+0.8

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.

Notes to the financial statements continued

29. Derivative financial instruments and financial risk management continued

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 2021 and 2020.

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 1 January 2022					
Non-derivative financial liabilities					
Borrowings	**151.9**	**15.4**	**392.9**	**365.3**	**925.5**
Trade payables and amounts due to joint ventures	**442.5**	**–**	**–**	**–**	**442.5**
Put option liability	**–**	**–**	**36.3**	**–**	**36.3**
Contingent consideration	**–**	**8.3**	**–**	**–**	**8.3**
Lease liabilities	**16.8**	**17.6**	**41.8**	**57.2**	**133.4**
	611.2	**41.3**	**471.0**	**422.5**	**1,546.0**
Less future finance costs	**(21.2)**	**(20.7)**	**(37.2)**	**(39.1)**	**(118.2)**
	590.0	**20.6**	**433.8**	**383.4**	**1,427.8**
Derivative financial liabilities	**–**	**1.2**	**–**	**–**	**1.2**
At 2 January 2021					
Non-derivative financial liabilities					
Borrowings	221.3	18.4	350.6	182.4	772.7
Trade payables and amounts due to joint ventures	260.3	–	–	–	260.3
Contingent consideration	17.4	–	–	–	17.4
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

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 joint ventures. 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.

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 1 January 2022 and 2 January 2021 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. 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.

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 €31.3 million of certain trade receivables related to one customer through the use of a limited receivables sale programme (2020: €33.7 million). 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 rates 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	2021 €'m	2020 €'m
At the beginning of the year		**11.2**	6.6
Exchange differences		**0.8**	(0.6)
Increase in loss allowance recognised during the year		**2.6**	9.1
Receivables written off during the year as uncollectible		**(1.7)**	(2.0)
Unused amounts reversed		**(0.9)**	(1.9)
At the end of the year	19	**12.0**	11.2

The net movement in the loss allowance has been included within the income statement.

Notes to the financial statements continued

29. Derivative financial instruments and financial risk management continued

Trade receivables amounted to €327.2 million at 1 January 2022 (2020: €283.5 million) (note 19). Receivable balances that are neither past due nor impaired amounted to €299.7 million (2020: €259.8 million). Past due information is reported to key management personnel for credit risk management purposes. At 1 January 2022, trade receivables of €27.5 million (2020: €23.7 million) were past due and analysed as follows:

	2021 €'m	2020 €'m
Past due		
Less than 30 days	**19.6**	16.4
1 to 3 months	**4.5**	2.5
4 to 6 months	**1.3**	0.8
Over 6 months	**2.1**	4.0
	27.5	23.7
Less expected credit loss allowance	**(12.0)**	(11.2)
Total	**15.5**	12.5

Loans to joint ventures

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 the 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) Carrying amounts of financial instruments

	Notes	2021 €'m	2020 €'m
Financial assets measured at amortised cost			
Trade receivables and receivables from related parties		**321.1**	279.9
Loans to joint ventures	35	**42.5**	31.8
Ornua Co-operative Limited	18	**0.2**	0.4
		363.8	312.1
Financial liabilities measured at amortised cost			
Borrowings	25	**(833.7)**	(658.2)
Trade payables and amounts due to related parties		**(442.5)**	(260.3)
Lease liabilities	31	**(119.5)**	(110.2)
		(1,395.7)	(1,028.7)
Financial liabilities measured at FVTPL – contingent consideration	28	**(7.3)**	(17.4)
Investments in equity instruments designated at FVOCI		**1.7**	2.8
Put option liability measured at FV through equity	28	**(24.8)**	–
Net derivative asset/(liability)		**1.5**	(2.4)

(f) Offsetting financial assets and financial liabilities
Financial assets and liabilities are offset and the net amount is reported in the Group balance sheet where the Group has a legally enforceable right to offset recognised amounts which is not conditional on the occurrence of a future event, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting arrangements. The following table sets out the carrying amounts of recognised financial instruments that are subject to these agreements:

	Notes	Gross amounts €'m	Gross amounts set off in the the balance sheet €'m	Net amounts presented in the balance sheet €'m
At 1 January 2022				
Derivative financial assets	29(a)	**2.7**	**–**	**2.7**
Derivative financial liabilities	29(a)	**(1.2)**	**–**	**(1.2)**

At 2 January 2021				
Derivative financial assets	29(a)	1.3	–	1.3
Derivative financial liabilities	29(a)	(3.7)	–	(3.7)

30. Contingent liabilities and commitments

Contingent liabilities
The Company has contingent liabilities arising from the binding legal agreements signed on 8 December 2021 relating to the Proposed Transaction (note 7). As part of the terms of the Proposed Transaction, the Company has committed to pay Glanbia Ireland a contribution of €8 million related to pension obligations, separation and rebranding costs as well as a maximum additional €1.5 million re-imbursement of rebranding costs in connection with the Proposed Transaction. The liabilities are contingent on the completion of the Proposed Transaction which is subject to approval of the shareholders of the Company, other than the Society or persons connected with the Co-op at an extraordinary general meeting and receipt of any necessary regulatory approvals (note 36).

Guarantees provided by financial institutions amounting to €6.9 million (2020: €4.4 million) are outstanding at 1 January 2022. 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. 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 1 January 2022 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 1 January 2022.

Within the scope of benefitting from the exemption related to the filing of the statutory financial statements for the financial year ended 31 December 2021 of Glanbia Foods B.V., the Company has guaranteed the liabilities ensuing from legal acts performed by this subsidiary from 1 January 2021 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 2021 of the three Luxembourg subsidiaries, Glanbia Luxembourg SA, Glanbia Luxfin SA and Glanbia Luxinvest SA, 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 31 December 2021. 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.

Commitments
Capital expenditure contracted for at the reporting date but not recognised in the Group financial statements is as follows:

	2021 €'m	2020 €'m
Property, plant and equipment	**8.3**	7.9
Intangible assets	**1.5**	–

As at 1 January 2022, the Group has committed to invest €10.0 million cash contributions in Glanbia Cheese EU Limited (2020: €10.0 million) which is contingent on the successful commissioning of the plant. Additionally, there was an undrawn loan facility of €1.3 million as at 1 January 2022 (2020: €2.0 million) which was provided by the Group to the joint venture.

Notes to the financial statements continued

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 1 January 2022					
Opening carrying amount		**84.0**	**3.4**	**3.1**	**90.5**
Exchange differences		**6.2**	**0.2**	**0.2**	**6.6**
Acquisitions	34	**0.7**	**0.4**	**–**	**1.1**
Additions		**19.7**	**1.2**	**2.1**	**23.0**
Disposals		**(2.5)**	**–**	**–**	**(2.5)**
Impairment	5	**(0.7)**	**–**	**–**	**(0.7)**
Depreciation charge	5/32	**(13.6)**	**(2.7)**	**(1.8)**	**(18.1)**
Closing carrying amount		**93.8**	**2.5**	**3.6**	**99.9**
At 1 January 2022					
Cost		**119.2**	**5.4**	**6.4**	**131.0**
Accumulated depreciation		**(25.4)**	**(2.9)**	**(2.8)**	**(31.1)**
Carrying amount		**93.8**	**2.5**	**3.6**	**99.9**
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		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:

	Notes	2021 €'m	2020 €'m
Current		**14.5**	15.8
Non-current		**105.0**	94.4
Total	29(e)/33	**119.5**	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	2021 €'m	2020 €'m
Depreciation charge of right-of-use assets	5	**18.1**	18.0
Impairment of right-of-use assets	5	**0.7**	1.0
Interest expense on lease liabilities	11	**2.5**	2.8
Expense relating to short-term leases		**1.9**	2.4
Expense relating to variable lease payments not included in lease liabilities		**0.4**	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 €22.9 million (2020: €21.9 million). At 1 January 2022, the Group was committed to €0.9 million (2020: €1.0 million) for short-term leases.

Certain building leases contain extension options exercisable by the Group. As at 1 January 2022, undiscounted potential future lease payments of €70.8 million (2020: €90.0 million) have not been included in lease liabilities because it is not reasonably certain that the extension options, €66.2 million (2020: €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 1 January 2022 and 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	2021 €'m	2020 €'m
Profit for the year		**167.4**	143.8
Exceptional items	6	**42.1**	31.5
Profit after tax from discontinued operations		**(25.7)**	(23.9)
Income taxes		**24.6**	14.5
Profit before taxation		**208.4**	165.9
Share of results of joint ventures accounted for using the equity method		**(19.2)**	(37.7)
Finance costs	11	**19.5**	24.6
Finance income	11	**(2.0)**	(4.1)
Amortisation of intangible assets	16	**63.9**	60.9
Depreciation of property, plant and equipment	15	**44.9**	45.9
Depreciation of right-of-use assets	31	**18.1**	18.0
Cost of share-based payments	10/23	**15.9**	5.2
Difference between pension charge and cash contributions		**(6.4)**	(7.2)
Net write down of inventories	20	**6.1**	23.0
Non-cash movement in/on:			
– provisions		**8.7**	3.3
– allowance for impairment of receivables		**–**	5.2
– cross currency swaps		**(0.8)**	(0.7)
– disposal of leases		**(0.1)**	(0.7)
Reversal of impairment of property, plant and equipment	5	**(1.4)**	–
(Profit)/loss on disposal of property, plant and equipment	5	**(0.1)**	0.8
Operating cash flows before movement in working capital		**355.5**	302.4
(Increase)/decrease in inventories	(a)	**(186.1)**	18.7
(Increase)/decrease in short-term receivables	(a)	**(13.4)**	80.7
Increase/(decrease) in short-term liabilities	(a)	**207.1**	(54.4)
(Decrease)/increase in provisions	(a)	**(5.1)**	2.0
Cash generated from operating activities before exceptional items		**358.0**	349.4

(a) The movement in working capital is as follows:

2021	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 3 January 2021	**377.6**	**319.2**	**(441.6)**	**(11.2)**	**244.0**
Exchange differences	**33.1**	**23.5**	**(38.4)**	**(0.7)**	**17.5**
Arising on acquisition (note 34)	**2.9**	**3.4**	**(4.4)**	**–**	**1.9**
Loans/amounts payable to joint ventures, interest accruals, capital creditors and other non-operating items	**(6.1)**	**(0.1)**	**22.2**	**(9.7)**	**6.3**
Increase/(decrease) in working capital	**186.1**	**13.4**	**(207.1)**	**5.1**	**(2.5)**
At 1 January 2022	**593.6**	**359.4**	**(669.3)**	**(16.5)**	**267.2**

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	3.2	3.2	(5.5)	–	0.9
Loans/amounts payable to joint ventures, interest accruals, capital creditors and other non-operating items	(23.1)	(5.8)	(1.3)	(5.8)	(36.0)
(Decrease)/increase in working capital	(18.7)	(80.7)	54.4	(2.0)	(47.0)
At 2 January 2021	377.6	319.2	(441.6)	(11.2)	244.0

33. Changes in liabilities arising from financing activities

	Notes	Borrowings €'m	Private Placement Debt €'m	Lease liabilities €'m	Total €'m
At 3 January 2021		**315.8**	**269.7**	**110.2**	**695.7**
Drawdown of borrowings	25	**290.9**	**167.6**	**–**	**458.5**
Repayment of borrowings	25	**(252.7)**	**(130.7)**	**–**	**(383.4)**
Leases		**–**	**–**	**27.3**	**27.3**
Payment of lease liabilities		**–**	**–**	**(19.1)**	**(19.1)**
Acquisitions	34	**–**	**–**	**1.1**	**1.1**
Exchange differences		**12.1**	**24.5**	**–**	**36.6**
1 January 2022		**366.1**	**331.1**	**119.5**	**816.7**
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		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

34. Business combinations

In 2020, the Group acquired Foodarom Group Inc., Foodarom USA, Inc. and Foodarom Germany GmbH (collectively known as “Foodarom”). Refer to 2020 Annual Report for details of the Foodarom acquisition. During the year, the Group paid the former owners of Foodarom an earnout of €19.3m, as the pre-defined earnings threshold was exceeded during the year.

On 31 May 2021, Glanbia acquired 60% of the voting shares of LevlUp GmbH (“LevlUp”), a direct-to-consumer (DTC) gaming nutrition company based in Germany. LevlUp’s product portfolio offers a range of ready-to-mix powder (RTM) products to gamers and e-sports athletes through its DTC channel. The business is highly complementary to Glanbia Performance Nutrition’s DTC platform and the investment provides Glanbia Performance Nutrition with a presence in the rapidly growing adjacent gaming nutrition category, expanding its reach to new consumers. The goodwill relates to the acquired workforce, the expectation that the business will give rise to synergies across the Glanbia Performance Nutrition 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 few existing customers and products of the brand are not widely sold. Goodwill of €27.4 million is not deductible for tax purposes.

On 20 September 2021, Glanbia acquired 100% of the voting shares of PacMoore Process Technologies, LLC (“PacMoore”), a US based food ingredients solution business for $51.9 million. PacMoore has production and innovation facilities in the US states of Indiana and Illinois and will form part of the Glanbia Nutritionals segment. PacMoore provides a number of ingredient solutions, predominantly to the healthy snacking category. The goodwill relates to the expectation that the business will continue to generate new customers, the acquired workforce and further development of the recipes and know-how within the Glanbia Nutritionals segment. Goodwill of €10.7 million is not deductible for tax purposes.

Details of the net assets acquired and goodwill arising from the acquisitions are as follows:

	Notes	PacMoore €'m	LevlUp €'m	Total €'m
Cash paid		**44.3**	**31.4**	**75.7**
Payment due to sellers		**–**	**0.4**	**0.4**
Contingent consideration		**–**	**7.1**	**7.1**
Total consideration		**44.3**	**38.9**	**83.2**
Less: fair value of net assets acquired		**(33.6)**	**(19.2)**	**(52.8)**
Non-controlling interest arising on acquisition		**–**	**7.7**	**7.7**
Goodwill	16	**10.7**	**27.4**	**38.1**

Notes to the financial statements continued

34. Business combinations continued

The fair value of assets and liabilities arising from the acquisition are as follows:

	Notes	PacMoore €'m	LevlUp €'m	Total €'m
Property, plant and equipment	15	18.9	0.2	19.1
Right-of-use assets	31	0.8	0.3	1.1
Intangible assets – brands	16	–	14.0	14.0
Intangible assets – customer relationships	16	3.7	7.8	11.5
Intangible assets – recipes and know-how	16	10.2	–	10.2
Inventories	32(a)	0.9	2.0	2.9
Trade and other receivables	32(a)	2.9	0.5	3.4
Cash and cash equivalents	25	–	4.4	4.4
Trade and other payables	32(a)	(3.0)	(1.4)	(4.4)
Current tax liabilities		–	(1.4)	(1.4)
Lease liabilities	33	(0.8)	(0.3)	(1.1)
Deferred tax liabilities	26	–	(6.9)	(6.9)
Fair value of net assets acquired		**33.6**	**19.2**	**52.8**

LevlUp

The contingent consideration arrangement requires the Group to pay the non-controlling interests shareholder of LevlUp earnouts based on a pre-defined earnings measure payable in 2022 and 2023. The undiscounted estimated amount of future payments for which the Group may be liable ranges from nil to €24.0 million. In addition to the earnouts, the non-controlling interests shareholder has a contractual put option in relation to the non-controlling interests shares in LevlUp where the non-controlling interests shareholder can require the Group to acquire those shares in 2025.

The fair values of the put option liability and contingent consideration at 1 January 2022 was €24.8 million and €7.3 million respectively and are estimated by calculating the present value of the future expected payments discounted using a risk-adjusted discount rate.

Along with the put option, there is a contractual call option in relation to the non-controlling interests shares in LevlUp where the Group can require the non-controlling interests shareholder to sell those shares to the Group in 2025. The fair value of the call option was €0.5 million at 1 January 2022 and is determined by discounting the excess of the estimated market value of the shareholding which is subject to call option over the actual call option exercise price.

The table below shows on an indicative basis the impact of possible changes in key assumptions on the carrying amounts of the put option liability, contingent consideration and call option.

	2021 €'m
Put option liability	
10% increase in forecast earnings	2.3
10% decrease in forecast earnings	(2.3)
Contingent consideration	
10% increase in forecast earnings	3.5
10% decrease in forecast earnings	(3.2)
Call option	
10% increase in forecast earnings	–
10% decrease in forecast earnings	–

The fair value of LevlUp's trade receivables at the acquisition date amounted to €0.5 million. The gross contractual amount for trade receivables due is €0.5 million which is expected to be received in full. Acquisition-related costs of €1.1 million incurred primarily on professional fees are included in administrative expenses.

PacMoore

Due to the proximity of the date of the acquisition to the reporting date, completion accounts have not been formally agreed between the purchaser and seller at the date of approving the financial statements. Accordingly, the initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis. In addition, management will need to finalise the valuation exercise undertaken by the Group's external valuation specialist relating to the acquisition. It is therefore possible the final amounts for the assets and liabilities may differ from the provisional values. Any amendments to these fair values within the 12 month timeframe from the date of acquisition will be disclosed in the 2022 interim financial statements.

The fair value of PacMoore's trade receivables at the acquisition date amounted to €2.8 million. The gross contractual amount for trade receivables due is €2.9 million, of which €0.1 million is expected to be uncollectible. Acquisition-related costs of €0.8 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 1 January 2022, were as follows:

	2021 Acquisitions €'m	Group excluding acquisitions €'m	Group including acquisitions €'m
Revenue	**20.4**	**4,176.5**	**4,196.9**
Profit before taxation and exceptional items	**0.2**	**208.2**	**208.4**

The revenue and profit before taxation and exceptional items of the Group for the year ended 1 January 2022 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:

	Pro-forma 2021 acquisitions €'m	Group excluding acquisitions €'m	Pro-forma group including acquisitions €'m
Revenue	**51.2**	**4,176.5**	**4,227.7**
Profit before taxation and exceptional items	**5.3**	**208.2**	**213.5**

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, joint ventures and key management personnel. A listing of the principal subsidiaries and joint ventures is provided in note 37.

Transactions with Glanbia Co-operative Society Limited

Glanbia Co-operative Society Limited (the "Society"), together with its subsidiaries, holds 32.5% (2020: 31.7%) of the issued share capital of the Company.

Refer to note 7 for details of the Proposed Transaction between the Company and the Society.

During 2021, dividends of €25.8 million (2020: €24.8* million) were paid to the Society and its wholly owned subsidiaries based on their shareholding in Glanbia plc. Dividends of €0.1 million (2020: €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 pertained to period ended 30 June 2020 when the Society was the ultimate parent of the Group.

Transactions with joint ventures

The Group trades in the normal course of business with its joint ventures. Refer to (a) to (c) herein 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 joint ventures, which are settled in cash. Dividends received by the Group from its joint ventures are as follows:

Entity	Notes	2021 €'m	2020 €'m
Glanbia Ireland DAC		**12.2**	12.6
Glanbia Cheese Limited	17	**11.1**	13.1
Southwest Cheese Company, LLC	17	**10.6**	10.9
	17	**33.9**	36.6

Dividends receivable from Glanbia Cheese Limited of €2.6 million (2020: €2.3 million) were recognised by the Group.

Notes to the financial statements continued

35. Related party transactions continued

Loans to joint ventures

	Notes	2021 €'m	2020 €'m
Loans to joint ventures			
At the beginning of the year		**31.8**	28.8
Loans advanced during the year		**10.7**	3.0
At the end of the year	29(b)/29(e)	**42.5**	31.8
Interest receivable on loans to joint ventures			
At the beginning of the year		**0.1**	0.1
Interest charged	11	**1.4**	1.3
Interest received		**(1.4)**	(1.3)
At the end of the year	19	**0.1**	0.1
Total loans and interest at the end of the year		**42.6**	31.9

During 2021, the Group advanced amounts of €10.7 million (2020: €3.0 million) at arm's length to Glanbia Cheese EU Limited, a joint venture of the Group, which are repayable on 29 December 2025. 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. 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. As part of the Proposed Transaction (note 7) the Group and Glanbia Ireland DAC have agreed that the loans will be repaid within one year of completion of the transaction.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	2021 €'m	2020 €'m
Sales of goods:		
– joint ventures	**0.7**	0.6
Sales of services:		
– Glanbia Co-operative Society Limited*	**2.4**	2.2
– joint ventures	**49.2**	37.8

* 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.

(b) Purchases of goods and services

	2021 €'m	2020 €'m
Purchases of goods:		
– joint ventures	**1,430.0**	1,191.0
Purchases of services:		
– Glanbia Co-operative Society Limited*	**0.3**	0.3
– joint ventures	**–**	0.2

* 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	2021 €'m	2020 €'m
Receivables from related parties:			
– Glanbia Co-operative Society Limited	19	**0.4**	0.3
– joint ventures	19	**5.4**	7.2
Payables to related parties:			
– joint ventures	28	**133.5**	78.5

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
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 (2020: €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 (2020: nil).

	2021 €'m	2020 €'m
Salaries and other short-term employee benefits	**8.1**	7.8
Post-employment benefits	**0.9**	1.3
Share-based payments	**7.3**	1.4
Non-Executive Directors fees	**1.0**	0.9
	17.3	11.4

Retirement benefits of €0.4 million (2020: €0.4 million) were accrued in the year to three members of key management (2020: four) under a post retirement defined benefit plan. Total retirement benefits accrued to key management under the post retirement defined benefit plan are €7.8 million (2020: €8.6 million).

The Group through Employee Benefit Trusts reacquired Company shares from key management personnel; the total number reacquired was 52,506 ordinary shares at an average price of €14.09 per share (2020: 28,631 ordinary shares at an average price of €9.40 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 118 to 142.

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 6 May 2022 to shareholders on the register of members on 25 March 2022, the record date.

On 20 January 2022, Glanbia Co-operative Society completed the sale of approximately 5.75 million ordinary shares in the Company (the "Shares"), representing around 2 percent of the Company's issued share capital, for a total consideration of approximately €70 million (the "Placement"). The price per Share in the Placement was €12.25. Pursuant to the Company's existing authority to repurchase shares, the Company participated in the Placement via Glanbia's broker and purchased 2,527,152 Shares (representing around 0.9 percent of the Company's existing issued share capital), at a price of €12.25 per Share (the "Buyback") (an aggregate of €31 million). The Shares purchased in the Buyback were cancelled. The Company's participation in the Placement was incremental to the ongoing €50 million share repurchase programme announced on 8 December 2021. In addition, the Board announced on 2 March 2022 that it has launched a further €50 million share buyback programme.

On 25 February 2022 Glanbia's independent shareholders approved the disposal of the Group's 40% interest in Glanbia Ireland to Glanbia Co-operative Society for €307 million to be paid in cash on closing. All shareholder approvals have now been obtained with completion of the transaction anticipated in Q2 2022, subject to standard regulatory clearances. Glanbia will continue to provide certain corporate, business and IT services to Glanbia Ireland for a number of years following the close of the transaction. Glanbia will also continue to be a customer of Glanbia Ireland for certain ingredients. All contractual arrangements between Glanbia and Glanbia Ireland are arm's length and on market based commercial terms. Product supply agreements with Glanbia Ireland are not material to the Group's operating performance or financial results. Within 18 months of completion, Glanbia Ireland is required to change its name to a new name that does not include the name or word 'Glanbia'. Glanbia Ireland's results have been presented separately in the financial statements as discontinued operations with a corresponding restatement of comparative figures to show the discontinued operations separately from continuing operations.

Notes to the financial statements continued

37. Principal subsidiaries and joint ventures

The information outlined in section (a) below relates only to the principal undertakings in the Group as at 1 January 2022 and as at 2 January 2021. 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 [3]	1	Financing	100
	Avonmore Skim Milk Products Limited [3]	1	Holding company	100
	Glanbia Cheesip Limited [4]	1	Research and development	100
	Glanbia Estates Limited	1	Property and land dealing	100
	Glanbia Finance Designated Activity Company [3]	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 Investchip Limited	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 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 [3]	1	Property lessor	100
	Glanbia Support Services Limited	1	Holding company	100
	Glassonby Unlimited Company	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.	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
	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
	PacMoore Process Technologies, LLC [6]	7	Nutritional ingredients	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

Incorporated and operating in		Registered office	Principal activity	Beneficial % interest
	Glanbia Performance Nutrition (UK Sales Division) Limited	8	Performance nutrition	100
	Glanbia (UK) Limited	8	Holding company	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 [1]	10	Performance nutrition	100
Canada	Foodarom Group Inc. [1]	11	Flavours solutions	100
	Glanbia Nutritionals (Canada) Inc. [1]	11	Nutritional ingredients	100
	Glanbia Performance Nutrition Canada Inc. [1]	11	Performance nutrition	100
China	Glanbia Nutritionals (Suzhou) Co., Ltd. [1]	12	Nutritional ingredients	100
	Glanbia Performance Nutrition Trading (Shanghai) Co., Ltd. [1]	13	Performance nutrition	100
	Glanbia (Shanghai) International Trading Co., Ltd. [1]	14	Nutritional ingredients	100
Denmark	Nutramino Holding ApS [1]	15	Holding company	100
	Nutramino Int. ApS [1]	15	Performance nutrition	100
France	Glanbia Performance Nutrition France SAS [1]	16	Performance nutrition	100
Germany	Body & Fit Nutrition GmbH [1]	17	Performance nutrition	100
	Foodarom Germany GmbH [1,5]	18	Flavours solutions	100
	Glanbia Nutritionals Deutschland GmbH [1]	18	Nutritional ingredients	100
	Glanbia Performance Nutrition GmbH [1]	19	Performance nutrition	100
	LevlUp GmbH [1,6]	20	Performance nutrition	60
India	Glanbia India Private Limited [2]	21	Nutritional ingredients	100
	Glanbia Performance Nutrition (India) Private Limited [2]	22	Performance nutrition	100
Japan	Glanbia Japan K.K. [1]	23	Nutritional ingredients	100
Korea (Republic of)	Glanbia Performance Nutrition Korea, LLC [1]	24	Performance nutrition	100
Malta	Glanbia Maltinvest Limited [1]	25	Financing	100
	Glanbia Maltfin Limited [1]	25	Financing	100
Mexico	Glanbia, S.A. de C.V. [1]	26	Nutritional ingredients	100
Netherlands	Body & Fit Sportsnutrition B.V. [1]	27	Performance nutrition	100
	Glanbia Foods B.V. [1]	28	Holding company	100
New Zealand	Glanbia Performance Nutrition (New Zealand) Limited [1]	29	Performance nutrition	100
Norway	Nutramino NO AS [1]	30	Performance nutrition	100
Philippines	Glanbia Performance Nutrition Philippines, Inc. [1]	31	Performance nutrition	100
Portugal	Glanbia Nutritionals (Portugal), Sociedade Unipessoal Lda. [1]	32	Performance nutrition	100
Russian Federation	LLC Glanbia [1]	33	Nutritional ingredients	100
Singapore	Glanbia Nutritionals Singapore Pte Limited	34	Nutritional ingredients	100
	Glanbia Performance Nutrition Singapore Pte. Ltd	34	Performance nutrition	100
South Africa	Glanbia (Pty) Limited	35	Nutritional ingredients	100
Sweden	Nutramino AB [1]	36	Performance nutrition	100
United Arab Emirates	Glanbia Performance Nutrition DMCC [1]	37	Performance nutrition	100
Uruguay	Glanbia (Uruguay Exports) SA [1]	38	Nutritional ingredients	100

Notes to the financial statements continued

37. Principal subsidiaries and joint ventures continued

1. The statutory year end of these subsidiaries is 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 23 December.
4. 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.
5. Foodarom Germany GmbH has a branch at Via Santa Valeria 52, Seregno (MB) 20831 Italy.
6. Acquired in 2021.

The Group has no significant restrictions in relation to its ability to access or use the assets and settle the liabilities of its subsidiaries.

(b) Joint ventures

Incorporated and operating in		Registered office	Principal activity[1]	Beneficial % interest
Ireland	Glanbia Cheese EU Limited	1	Cheese products	50
	Glanbia Ireland Designated Activity Company[2]	1	Milk products, consumer goods and agri trading	40
United States of America	MWC-Southwest Holdings LLC	2	Holding company of two cheese and nutritional ingredients companies	50
Britain and Northern Ireland	Glanbia Cheese Limited	39	Cheese products	51

1. Refer to note 17 for further details.
2. The interest in Glanbia Ireland DAC is classified as held for sale as at 1 January 2022 (note 7).

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
7 501 Silverside Road, Suite 87, Wilmington, DE 19809, United States
8 One Victoria Square, Birmingham, B1 1BD, United Kingdom
9 Level 10, 68 Pitt Street, Sydney NSW 2000, Australia
10 Rua Funchal, no, 411, 4th floor, suite 43, room 36, Villa Olimpia, São Paula, SP 04551-060, Brazil
11 1700-242 Hargrave Street, Winnipeg MB, R3C 0V1, Canada
12 No. 128 Fangzong Street SIP, Suzhou, Jiangsu Province, PRC 215025, China
13 Room 101, Building D, the Bund SOHO, Zhongshan East 2nd Road 88, Shanghai, 200001, China
14 Room 228, 2/F, Building 1, No. 239, Gang'ao Road, Shanghai New Free Trade Zone, China
15 Landgreven 3, 1. tv., 1301, København K, Denmark
16 8, Avenue Hoche, 75008, Paris, France
17 Hohenstaufenring 62, 50674, Köln, Germany
18 Gewerbestrasse 3, 78359 Orsingen – Nenzingen, Germany
19 Mainzer Landstraße 41, 60329, Frankfurt am Main, Germany
20 Zeppelinstr. 15, 37983, Gottingen, Germany
21 Ground Floor, No. 12/47, 7th Cross, Swimming Pool Extension, Malleshwaram, Bangalore KA, 560003, India
22 Allied House, Nelson Mandela Marg Pocket 10, Sector B, Vasant Kunj, New Delhi, DL110070, India
23 Level 18 Yebisu Garden Place, Tower 4–20–3, Ebisu Shibuya-ku, Tokyo, Japan
24 1319, 13th floor, 311 Gangnam-daero, Seocho-gu, Seoul, Republic of Korea
25 Vision Exchange Building, Level 2, Triq it-Territorjals, Zone 1, Central Business District, Birkirkara, CBD 1070, Malta
26 Av. Prolongación Paseo de la Reforma No. 115–1006, Col. Paseo de las Lomas, C.P. 01330, Mexico
27 Mars 10, 8448CP, Heerenveen, Netherlands
28 Herikerbergweg 88, 1101 CM Amsterdam, Netherlands
29 C/–Martelli Mckegg, Level 20, HSBC Tower, 188 Quay Street, Auckland, 1010, New Zealand
30 Fjordalléen 16, Oslo, 0250, Norway
31 146 Yakal Street, San Antonio Village, Makati City 1203, Philippines
32 Miraflores, Torre de Monsanto, Rua Afonso Praça, 30–7o e 8o piso, 1495–061 Miraflores, Portugal
33 6 Vernadskogo prospect, Office 614, 119311, Moscow, Russian Federation
34 10 Changi Business Park Central 2, #01- 02, Hansapoint, 486030, Singapore
35 Stand 893, 7 Forbes Street, Midstream Estate – Windsor Gate, Brakfontein Road, Guateng, South Africa, 2192, South Africa
36 Ostermalinstorg.1, 4 tr, 114 42, Stockholm, Sweden
37 Unit No: 1633, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates
38 Copacabana Street, Block 26 – S 12, Médanos de Solymar City, Canelones, Uruguay
39 4 Royal Mews, Gadbrook Park, Rudheath, Northwich, Cheshire, CW9 7UD, United Kingdom

Company Balance Sheet
as at 1 January 2022

	Notes	1 January 2022 €'m	2 January 2021 €'m
ASSETS			
Non-current assets			
Investment in joint venture	2	**–**	95.4
Investment in subsidiaries	3	**581.9**	585.6
Other financial assets	4	**1.3**	2.6
Deferred tax assets		**0.6**	0.5
		583.8	684.1
Current assets			
Trade and other receivables	5	**13.9**	7.1
Cash at bank and in hand		**10.2**	10.7
		24.1	17.8
Joint venture held for sale	2	**95.4**	–
		119.5	17.8
Total assets		**703.3**	701.9
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	6	**460.3**	460.6
Other reserves		**17.3**	3.0
Retained earnings		**94.8**	121.5
Total equity		**572.4**	585.1
LIABILITIES			
Non-current liabilities			
Bank borrowings		**53.0**	35.0
Current liabilities			
Bank overdraft		**7.5**	9.2
Provisions		**0.6**	0.6
Trade and other payables	7	**69.8**	72.0
		77.9	81.8
Total liabilities		**130.9**	116.8
Total equity and liabilities		**703.3**	701.9

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 €145.9 million (2020: €112.9 million).

On behalf of the Board

Donard Gaynor **Siobhán Talbot** **Mark Garvey**
Directors

2 March 2022

Company Statement of Changes in Equity
for the financial year ended 1 January 2022

	Share capital and share premium €'m (note 6)	Other reserves: Capital reserve €'m	Other reserves: Own shares €'m	Other reserves: Share-based payment reserve €'m	Other reserves: FVOCI reserve €'m	Retained earnings €'m	Total Equity €'m
Balance at 3 January 2021	**460.6**	**4.3**	**(11.4)**	**10.3**	**(0.2)**	**121.5**	**585.1**
Profit for the year	–	–	–	–	–	145.9	145.9
Other comprehensive income							
- Revaluation – gross	–	–	–	–	(0.3)	–	(0.3)
- Deferred tax	–	–	–	–	0.1	–	0.1
Total comprehensive income for the year	–	–	–	–	(0.2)	145.9	145.7
Dividends	–	–	–	–	–	(80.5)	(80.5)
Cost of share–based payments	–	–	–	15.9	–	–	15.9
Transfer on exercise, vesting or expiry of share–based payments	–	–	7.7	(6.9)	–	(0.8)	–
Purchase of own shares	–	–	(94.0)	–	–	–	(94.0)
Cancellation of own shares	(0.5)	0.5	91.3	–	–	(91.3)	–
Issue of shares	0.2	–	–	–	–	–	0.2
Total contributions by and distributions to owners	(0.3)	0.5	5.0	9.0	–	(172.6)	(158.4)
Balance at 1 January 2022	**460.3**	**4.8**	**(6.4)**	**19.3**	**(0.4)**	**94.8**	**572.4**
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
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)
At 2 January 2021	460.6	4.3	(11.4)	10.3	(0.2)	121.5	585.1

Refer to 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 1 January 2022

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 1 January 2022. Comparatives are for the 52-week period ended 2 January 2021. The balance sheets for 2021 and 2020 have been drawn up as at 1 January 2022 and 2 January 2021 respectively. The financial statements were approved and authorised for issue by the Board of Directors on 2 March 2022.

The financial statements have been prepared under the historical cost convention, as modified by use of fair values for certain other financial assets, and comply with the Companies Act 2014 and Financial Reporting Standard 101 Reduced Disclosure Framework ("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
- certain disclosures required by IFRS 13 Fair Value Measurement and IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared in euro and presented in millions. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company 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 Company therefore considers it appropriate to adopt the going concern basis in preparing its financial statements.

Investments 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 investments in 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.

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 measure 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 1 January 2022 amounted to €13.7 million (2020: €6.9 million). There is no material ECL in respect of intercompany receivables as at 1 January 2022.

Notes to the Company Financial Statements continued

1. Accounting policies continued

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.

Non-current assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than continued use. This condition is regarded as satisfied only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year of the date of classification.

When the Company is committed to a sale plan involving disposal of an investment in a joint venture, the investment in joint venture that will be disposed of is classified as held for sale when the criteria described above are met. The investment in joint venture in Glanbia Ireland DAC is classified as held for sale as at 1 January 2022.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying value and the fair value less costs to sell.

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. Repurchase of the Company's own equity instruments is recognised and deducted from equity with a transfer between the own shares reserve and retained earnings when they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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.

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 profit and loss account.

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 profit and loss account 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.

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.

Current tax is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in countries where the Company operates and generates taxable income, taking into account adjustments relating to prior years.

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. The most significant judgement used in the preparation of these financial statements is set out below.

Joint venture classified as held for sale

The Company announced its intention to sell its 40% holding in Glanbia Ireland DAC ("Glanbia Ireland") to Glanbia Co-operative Society Ltd (the "Society") for €307 million in November 2021 (the "Proposed Transaction"). The interest in joint venture, Glanbia Ireland is held for sale in its present condition subject only to usual and customary terms. The Directors are of the opinion that the sale of Glanbia Ireland to the buyer is highly probable based on the considerations below and accordingly, the interest in Glanbia Ireland is classified as held for sale (note 2).

- The Company and the buyer signed binding legal agreements relating to the Proposed Transaction on 8 December 2021;
- Members of the Society approved the Proposed Transaction on 17 December 2021;
- Based on the historical experience of the Company, it is expected that the Company's independent shareholders will approve the Proposed Transaction at an extraordinary general meeting subsequent to year end (note 36 of the Group financial statements); and
- The buyer does not anticipate any barriers or challenges to regulatory approval.

2. Investment in joint venture (held for sale)

	2021 €'m	2020 €'m
At the beginning and end of the year	**95.4**	95.4

The investment in a joint venture relates to Glanbia Ireland.

The Company announced its intention to sell its 40% holding in Glanbia Ireland to Glanbia Co-operative Society Ltd for €307 million in November 2021 (the "Proposed Transaction"). The sale is consistent with the Glanbia group's ambition to focus on its global nutrition strategy as a brand owner and provider of value added nutrition solutions, serving high growth markets.

On 8 December 2021 the Company and the Society signed binding legal agreements relating to the Proposed Transaction. Members of the Society approved the Proposed Transaction on 17 December 2021. The Proposed Transaction is expected to be completed in the first half of 2022 following the approval of the shareholders of the Company, other than the Society or persons connected with the Society at an extraordinary general meeting and receipt of any necessary regulatory approvals (note 36 of the Group financial statements). Thus, the Group has treated the joint venture arrangement in Glanbia Ireland as an asset held for sale as at 1 January 2022.

There was no impairment charge on the joint venture held for sale as the proposed sale price exceeded the carrying amount of the investment in Glanbia Ireland when it was classified as a joint venture held for sale.

3. Investment in subsidiaries

	2021 €'m	2020 €'m
At the beginning of the year	**585.6**	660.5
Additions	**0.2**	–
Impairment	**(3.9)**	(74.5)
Disposals	**–**	(0.4)
At the end of the year	**581.9**	585.6

Details of the Company's principal subsidiaries are set out in note 37 of the Group financial statements. At the reporting date, the carrying amount of the investment in subsidiaries is assessed for impairment when indications of impairment exist. During the current year, €3.9 million (2020: €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.

Notes to the Company Financial Statements continued

4. Other financial assets

	2021 €'m	2020 €'m
At the beginning of the year	**2.6**	2.8
Additions	**0.1**	0.1
Disposals/redemption	**(1.1)**	(0.3)
Fair value adjustment	**(0.3)**	–
At the end of the year	**1.3**	2.6

Other financial assets comprised an equity instrument at FVOCI (BDO Development Capital Fund) of €1.1 million (2020: €2.2 million) and a financial asset at amortised cost (a loan note receivable from Ornua Co-operative Limited) of €0.2 million (2020: €0.4 million).

5. Trade and other receivables

	2021 €'m	2020 €'m
Amounts owed by subsidiaries	**13.7**	6.9
Amounts owed by Glanbia Co-operative Society Limited	**0.2**	0.1
Prepayments	**–**	0.1
	13.9	7.1

6. Share capital and share premium

At 1 January 2022, share capital and share premium were €17.2 million (2020: €17.7 million) and €443.1 million (2020: €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 €0.2 million (2020: nil) of issuance of shares during the year and the merger of Waterford Foods plc now named Waterford Foods DAC and Avonmore Foods plc now named Glanbia plc in 1997. Refer to notes 22 and 23(a) of the Group financial statements respectively.

7. Trade and other payables

	2021 €'m	2020 €'m
Amounts owed to subsidiaries	**55.3**	54.7
Accruals	**14.5**	17.3
	69.8	72.0

8. Contingent liabilities

Refer to note 30 of the Group financial statements for contingent liabilities relating to the Proposed Transaction (note 2).

Any Irish registered wholly-owned subsidiary of the Company may avail of the exemption from filing its statutory financial statements for the year ended 1 January 2022 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 1 January 2022.

Within the scope of benefitting from the exemption related to the filing of the statutory financial statements for the financial year ended 31 December 2021 of Glanbia Foods B.V., the Company has guaranteed the liabilities ensuing from legal acts performed by this subsidiary from 1 January 2021 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 2021 of the three Luxembourg subsidiaries, Glanbia Luxembourg SA, Glanbia Luxfin SA and Glanbia Luxinvest SA, 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 2021. 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

Refer to note 2 for details of the Proposed Transaction.

During 2021, dividends of €25.8 million (2020: €24.8* million) were paid to the Society and its wholly owned subsidiaries based on their shareholding in the Company. The Company received €12.2 million (2020: €12.6 million) of dividends from its joint venture, Glanbia Ireland during 2021. Non-Executive Directors fees of €0.5 million (2020: €0.5 million) were recharged from the Company to the Society during 2021.

* €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:

	2021 €'m	2020 €'m
Statutory audit*	**–**	–
Other assurance services	**0.8**	0.7
Tax advisory services	**–**	–
Other non-audit services	**–**	–
	0.8	0.7

* The audit fee for the Company is €38,000 (2020: €38,000) and is payable to Deloitte Ireland LLP, the statutory auditor.

Directors' remuneration is disclosed in the Remuneration Committee Report on pages 118 to 142 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.

These non-IFRS performance measures may not be uniformly defined by all companies and accordingly they may not be directly comparable with similarly titled measures and disclosures by other companies. 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 (pre-exceptional)
G 4. EBITA margin % (pre-exceptional)
G 5. EBITDA
G 6. Constant Currency Basic and Adjusted Earnings Per Share ("EPS")
G 7. Net debt
G 8. Financing Key Performance Indicators
G 9. Volume and pricing increase/(decrease)
G 10. Like-for-like revenue increase/(decrease)
G 11. Effective tax rate
G 12. Average interest rate
G 13. Operating cash conversion
G 14. Operating cash flow and free cash flow
G 15. Return on capital employed ("ROCE")
G 16. Total shareholder return ("TSR")
G 17. Dividend payout ratio
G 18. Compound annual growth rate ("CAGR")
G 19. Exceptional items

These principal non-IFRS performance measures are defined below with a reconciliation of these measures to IFRS measures where applicable.

A number of the non-IFRS performance measures below have been re-presented to reflect continuing and discontinued operations in line with the presentation adopted in the Group income statement (see note 2).

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 2021 and 2020 are set out below:

1 euro =	2021	2020
US dollar	**1.1826**	1.1423
Pound sterling	**0.8596**	0.8898

Glossary continued
Key Performance Indicators and non-IFRS performance measures continued

G 2. Revenue
Revenue comprises sales of goods and services 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 Revenue:

	Reference to the Financial Statements/ Glossary	2021 Reported €'m	2020 Reported €'m	2020 Retranslated €'m	Constant currency growth %	Like-for-like Growth (G 10) %
Nutritional Solutions	Note 4	**877.4**	746.8	726.4	20.8%	17.3%
US Cheese	Note 4	**2,016.4**	1,938.3	1,872.2	7.7%	7.7%
Glanbia Nutritionals	Note 4	**2,893.8**	2,685.1	2,598.6	11.4%	10.4%
Americas	Note 4	**872.3**	811.1	783.9	11.3%	11.3%
International (including Direct-to-Consumer)	Note 4	**430.8**	326.9	328.6	31.1%	27.1%
Glanbia Performance Nutrition	Note 4	**1,303.1**	1,138.0	1,112.5	17.1%	15.9%
Revenue	Note 5	**4,196.9**	3,823.1	3,711.1	13.1%	12.1%

G 3. EBITA (pre-exceptional)
EBITA (pre-exceptional) 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 (pre-exceptional) is one of the Group's Key Performance Indicators. Business Segment EBITA (pre-exceptional) 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 EBITA (pre-exceptional).

G 3.1 EBITA (pre-exceptional):

	Reference to the Financial Statements/Glossary	2021 Reported €'m	2020 Reported €'m	2020 Retranslated €'m	Constant currency growth %
Nutritional Solutions		**101.1**	90.5	87.4	15.7%
US Cheese		**24.4**	27.9	26.9	(9.3%)
Glanbia Nutritionals	Note 4	**125.5**	118.4	114.3	9.8%
Glanbia Performance Nutrition	Note 4	**145.1**	91.2	87.7	65.5%
EBITA (pre-exceptional)	Note 5	**270.6**	209.6	202.0	34.0%

G 4. EBITA margin % (pre-exceptional)
EBITA margin % (pre-exceptional) is defined as EBITA (pre-exceptional) as a percentage of revenue. Refer to G2.1 and G3.1 for reconciliations of revenue and EBITA (pre-exceptional) 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.

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Earnings before interest, tax and amortisation (pre-exceptional EBITA)	G 3.1	**270.6**	209.6
Depreciation*	Note 5	**63.0**	63.9
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	G 8.1, G 14	**333.6**	273.5

* Depreciation – includes depreciation of tangible assets of €44.9 million (2020: €45.9 million) and depreciation of right-of-use assets of €18.1 million (2020: €18.0 million).

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 profit after tax 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). Basic Earnings Per Share has also been calculated on a continuing basis (excluding Glanbia Ireland) in line with the presentation of continuing and discontinued operations in the Group income statement (see note 2).

	Reference to the Financial Statements/Glossary	**2021 Reported €'m**	2020 Reported €'m	2020 Retranslated €'m
Profit after tax attributable to equity holders of the Company	Group income statement	**167.0**	143.8	139.0
Less: profit after tax attributable to equity holders of the Company - discontinued operations	Group income statement	**(26.4)**	(23.0)	(23.0)
Profit after tax attributable to equity holders of the Company - continuing operations		**140.6**	120.8	116.0
Weighted average number of ordinary shares in issue (thousands)	Note 13	**290,059**	295,173	295,173
Basic Earnings Per Share (cent) - continuing operations	Note 13	**48.47**	40.93	39.30
Basic Earnings Per Share (cent)	Note 13	**57.57**	48.72	47.09
Constant currency change - continuing operations		**23.3%**		
Constant currency change		**22.3%**		

G 6.2 Constant Currency Adjusted Earnings Per Share ("EPS")

Adjusted EPS is defined as the profit after tax 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 concluded 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 Earnings Per Share has also been calculated on a continuing basis (excluding Glanbia Ireland) in line with the presentation of continuing and discontinued operations in the Group income statement (see note 2).

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	**2021 Reported €'m**	2020 Reported €'m	2020 Retranslated €'m
Profit after tax from continuing operations	Group income statement	**141.0**	120.8	116.0
Less: exceptional charge - continuing operations	Group income statement	**42.8**	30.6	29.8
Profit after tax from continuing operations (pre-exceptional)	Group income statement	**183.8**	151.4	145.8
Non-controlling interests	Group income statement	**(0.4)**	–	–
Amortisation and impairment of intangible assets (excluding software amortisation) net of related tax of €7.0 million (2020: €7.0 million, 2020 retranslated: €6.7 million) – continuing operations		**42.4**	41.1	39.7
Adjusted net income - continuing operations		**225.8**	192.5	185.5
Profit after tax from discontinued operations	Group income statement	**26.4**	23.0	23.0
Exceptional (credit)/charge - discontinued operations	Group income statement	**(0.7)**	0.9	0.9
Profit from discontinued operations (pre-exceptional)	Group income statement	**25.7**	23.9	23.9
Amortisation and impairment of intangible assets (excluding software amortisation) net of related tax of €0.2 million (2020: €0.2 million) - discontinued operations		**1.3**	1.4	1.4
Adjusted net income		**252.8**	217.8	210.8
Weighted average number of ordinary shares in issue (thousands)	Note 13	**290,059**	295,173	295,173
Adjusted Earnings Per Share (cent) - continuing operations		**77.84**	65.21	62.83
Adjusted Earnings Per Share (cent)	G 17	**87.15**	73.78	71.40
Constant currency growth - continuing operations		**23.9%**		
Constant currency growth		**22.1%**		

Glossary continued
Key Performance Indicators and non-IFRS performance measures continued

G 7. Net debt
Net debt is calculated as current and non-current borrowings less cash and cash equivalents.

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Cash and cash equivalents	Group balance sheet	**(231.0)**	(164.3)
Current borrowings	Group balance sheet	**136.5**	199.8
Non-current borrowings	Group balance sheet	**697.2**	458.4
Net debt	Note 25, G 14	**602.7**	493.9

G 8. Financing Key Performance Indicators
G 8.1 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 current and non-current borrowings less cash and cash equivalents. Adjusted EBITDA is calculated in accordance with lenders' facility agreements definitions which adjust EBITDA for items such as exceptional items, dividends received from joint ventures, 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 (a period of 12 consecutive months determined on a rolling basis with a new 12 month period beginning on the first day of each month).

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Net debt	G 7	**602.7**	493.9
EBITDA	G 5	**333.6**	273.5
IFRS 16 adjustment		**(21.6)**	(22.0)
Adjustments in accordance with lenders' facility agreements		**40.8**	38.8
Adjusted EBITDA		**352.8**	290.3
Net debt: adjusted EBITDA	Note 29(c)	**1.71**	1.70

G 8.2 Adjusted EBIT: adjusted net finance cost
Adjusted EBIT: adjusted 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 joint ventures divided by adjusted net finance cost. Adjusted net finance cost comprises finance costs less finance income per the Group income statement plus borrowing costs capitalised into assets and excludes finance income/costs on changes in fair value of call options and contingent consideration and interest expense on lease liabilities. Adjusted EBIT and adjusted net finance cost are rolling 12 month measures (a period of 12 consecutive months determined on a rolling basis with a new 12 month period beginning on the first day of each month).

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Operating profit	Group income statement	**158.3**	114.2
Exceptional charge	Group income statement	**48.4**	34.5
Operating profit (pre-exceptional)	Group income statement	**206.7**	148.7
Dividends received from joint ventures	Group statement of cash flows	**33.9**	36.6
IFRS 16 adjustment - interest	Note 11	**(2.5)**	(2.8)
Adjusted EBIT		**238.1**	182.5
Adjusted net finance costs	Note 11, Note 15	**15.8**	18.2
Adjusted EBIT: adjusted net finance cost	Note 29(c)	**15.1**	10.0

G 9. 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 9.1 Reconciliation of volume and pricing increase/(decrease) to constant currency revenue growth:

	Reference to the Financial Statements/ Glossary	Volume increase/ (decrease)	Price increase/ (decrease)	Acquisitions/ (disposals)	Revenue increase/ (decrease)
Nutritional Solutions	G 2.1	13.6%	3.7%	3.5%	20.8%
US Cheese	G 2.1	19.8%	(12.1%)	–	7.7%
Glanbia Nutritionals	G 2.1	18.1%	(7.7%)	1.0%	11.4%
Glanbia Performance Nutrition	G 2.1	11.4%	4.5%	1.2%	17.1%
2021 increase/(decrease) % - continuing operations revenue	G 2.1	**16.1%**	**(4.0%)**	**1.0%**	**13.1%**

G 10. Like-for-like revenue increase/(decrease)

G 10.1 Glanbia Performance Nutrition ("GPN") like-for-like revenue

GPN like-for-like revenue represents the sales increase/(decrease) year-on-year, excluding the incremental revenue contributions from current year and prior year 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 the incremental revenue contributions from current year and prior year 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 10.2 Glanbia Nutritionals like-for-like revenue

This represents the sales increase/(decrease) year-on-year, excluding the incremental revenue contributions from current year and prior year acquisitions and the impact of a 53rd week (when applicable), on a constant currency basis.

G 11. 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 joint ventures.

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Profit before tax - continuing operations	Group income statement	**158.0**	131.1
Exceptional charge	Group income statement	**50.4**	34.8
Profit before tax (pre-exceptional) - continuing operations	Group income statement	**208.4**	165.9
Less share of results of joint ventures (pre-exceptional)	Group income statement	**(19.2)**	(37.7)
		189.2	128.2
Income tax	Group income statement	**17.0**	10.3
Exceptional tax credit	Group income statement	**7.6**	4.2
Income tax (pre-exceptional)	Group income statement	**24.6**	14.5
Effective tax rate		**13.0%**	11.3%

G 12. Average interest rate

The average interest rate is defined as the annualised net finance costs (excluding capitalised borrowing costs, finance income/costs on changes in fair value of call option and contingent consideration and interest expense on lease liabilities) divided by the average net debt during the reporting period.

G 13. 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 adjusted trading profits into cash and is an important metric in the Group's working capital management programme.

Glossary continued
Key Performance Indicators and non-IFRS performance measures continued

G 14. Operating cash flow and free cash flow
Operating cash flow is defined as pre-exceptional EBITDA 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, dividends paid to Company shareholders, loans/investments in joint ventures, exceptional costs paid, payment for acquisition of subsidiaries, proceeds received on disposals, purchase of own shares under share buyback and currency translation movements.

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	G 5	**333.6**	273.5
Movement in working capital (pre-exceptional)	G 14.2	**16.5**	77.8
Business sustaining capital expenditure	G 14.4	**(15.9)**	(16.5)
Operating cash flow	G 14.1	**334.2**	334.8
Net interest and tax paid	G 14.3	**(51.5)**	(43.0)
Dividends received from joint ventures	Group statement of cash flows	**33.9**	36.6
Payments of lease liabilities	Group statement of cash flows	**(19.1)**	(19.2)
Other inflows/(outflows)	G 14.5	**6.4**	(2.7)
Free cash flow		**303.9**	306.5
Strategic capital expenditure	G 14.4	**(61.6)**	(47.7)
Dividends paid to Company shareholders	Group statement of cash flows	**(80.5)**	(78.6)
Purchase of own shares under share buyback	Note 23(e)	**(91.3)**	(16.6)
Loans/investment in joint ventures	Group statement of cash flows	**(10.7)**	(9.6)
Exceptional costs paid	Group statement of cash flows	**(55.9)**	(29.5)
Proceeds from sale of property, plant and equipment	Group statement of cash flows	**1.5**	–
Payment for acquisition of subsidiaries	Group statement of cash flows	**(95.0)**	(21.9)
Net cash flow		**(89.6)**	102.6
Exchange translation	Note 25	**(23.6)**	30.0
Cash/(debt) acquired on acquisition	Note 25	**4.4**	(12.2)
Net debt movement		**(108.8)**	120.4
Opening net debt	Note 25	**(493.9)**	(614.3)
Closing net debt	Note 25, G 7	**(602.7)**	(493.9)

Certain comparative amounts below have been re-presented in line with note 32 to present the cash flows on exceptional items separately (note 2).

G 14.1 Reconciliation of operating cash flow to the Group statement of cash flows in the Financial Statements:

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Cash generated from operating activities before exceptional items	Note 32	**358.0**	349.4
Less business sustaining capital expenditure	G 14.4	**(15.9)**	(16.5)
Non-cash items not adjusted in computing operating cash flow:			
Cost of share-based payments	Note 32	**(15.9)**	(5.2)
Difference between pension charge and cash contributions	Note 32	**6.4**	7.2
Reversal of impairment of property, plant and equipment	Note 32	**1.4**	–
Other items		**0.2**	(0.1)
Operating cash flow	G 14	**334.2**	334.8

G 14.2 Movement in working capital:

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Movement in working capital	G 14	**16.5**	77.8
Net write down of inventories	Note 32	**(6.1)**	(23.0)
Non-cash movement in allowance for impairment of receivables	Note 32	**–**	(5.2)
Non-cash movement in provisions	Note 32	**(8.7)**	(3.3)
Non-cash movement on cross currency swaps	Note 32	**0.8**	0.7
Movement in working capital	Note 32(a)	**2.5**	47.0

G 14.3 Net interest and tax paid:

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Interest received	Group statement of cash flows	**2.1**	4.6
Interest paid (including interest expense of lease liabilities)	Group statement of cash flows	**(18.8)**	(25.0)
Tax paid	Group statement of cash flows	**(34.3)**	(22.1)
Interest paid in relation to property, plant and equipment	Group statement of cash flows	**(0.5)**	(0.5)
Net interest and tax paid	G 14	**(51.5)**	(43.0)

G 14.4 Capital expenditure:

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Business sustaining capital expenditure	G 14	**15.9**	16.5
Strategic capital expenditure	G 14	**61.6**	47.7
Total capital expenditure		**77.5**	64.2
Purchase of property, plant and equipment	Group statement of cash flows	**49.0**	38.0
Purchase of intangible assets	Group statement of cash flows	**28.5**	26.2
Total capital expenditure per the Group statement of cash flows		**77.5**	64.2

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.

G 14.5 Other inflows/(outflows):

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Cost of share-based payments	Note 32	**15.9**	5.2
Difference between pension charge and cash contributions	Note 32	**(6.4)**	(7.2)
(Profit)/loss on disposal of property, plant and equipment	Note 32	**(0.1)**	0.8
Proceeds from disposals/redemption of FVOCI financial assets	Group statement of cash flows	**1.1**	0.3
Payments for FVOCI financial assets	Group statement of cash flows	**(0.1)**	(0.1)
Proceeds from issue of shares	Group statement of cash flows	**0.2**	–
Purchase of own shares by Employee Share (Scheme) Trust	Note 23 (e)	**(2.7)**	(1.0)
Non cash movement on disposal of leases	Note 32	**(0.1)**	(0.7)
Reversal of impairment of property, plant and equipment	Note 32	**(1.4)**	–
Total other inflows/(outflows)	G 14	**6.4**	(2.7)

Glossary continued
Key Performance Indicators and non-IFRS performance measures continued

G 15. 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 joint ventures 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 and lease liabilities, retirement benefit assets, cash and acquisition related contingent consideration and contract options. It is calculated by taking the average of the relevant opening and closing balance sheet amounts. ROCE has also been calculated on a continuing basis (excluding Glanbia Ireland) in line with the presentation of continuing and discontinued operations in the Group income statement (see note 2).

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 26 to 27). ROCE is one of the performance conditions in Glanbia's Long-Term Incentive Plan. See Remuneration Committee Report on pages 118 to 142 for more information.

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Operating profit	Group income statement	**158.3**	114.2
Exceptional charge	Group income statement	**48.4**	34.5
Operating profit (pre-exceptional)	Group income statement	**206.7**	148.7
Tax on operating profit		**(26.9)**	(16.8)
Amortisation and impairment of intangible assets net of related tax of €10.0m (2020: €9.5m)		**53.9**	51.4
Share of results of joint ventures accounted for using the equity method	Group income statement	**19.2**	37.7
Return – continuing operations		**252.9**	221.0
Profit after tax from discontinued operations	Group income statement	**26.4**	23.0
Exceptional (credit)/charge - discontinued operations	Group income statement	**(0.7)**	0.9
Profit after tax from discontinued operations – pre-exceptional	Group income statement	**25.7**	23.9
Return		**278.6**	244.9
Total assets	Group balance sheet	**3,627.6**	3,065.4
Current liabilities	Group balance sheet	**(887.4)**	(719.1)
Deferred tax liabilities	Group balance sheet	**(144.4)**	(146.5)
Less: cash and cash equivalents	Group balance sheet	**(231.0)**	(164.3)
Less: current financial liabilities (borrowings)	Group balance sheet	**136.5**	199.8
Less: call option over non-controlling interests	Note 29	**(0.5)**	–
Less: acquisition related liabilities	Note 28	**–**	17.4
Less: short term lease liabilities	Note 31	**14.5**	15.8
Less: retirement benefit assets	Group balance sheet	**(2.9)**	(2.6)
Plus: accumulated amortisation	Note 16	**392.5**	363.2
Capital employed before adjustments		**2,904.9**	2,629.1
Adjustment for effect of adopting IFRS 16	Note 31	**–**	106.4
Adjustment for acquisitions	G 15.1	**(12.0)**	(12.0)
Adjustment for joint venture held for sale	G 15.2	**(18.5)**	–
Capital employed after adjustments		**2,874.4**	2,723.5
Average capital employed		**2,751.7**	2,729.3
Adjustment for discontinued operations	G 15.2	**(215.0)**	(206.3)
Average capital employed – continuing operations		**2,536.7**	2,523.0
Return on capital employed – continuing operations		**10.0%**	8.8%
Return on capital employed		**10.1%**	9.0%

G 15.1. Adjustment for acquisitions
This adjustment is required to ensure the capital employed of the acquisitions LevlUp and PacMoore (2021) and Foodarom (2020) are appropriately time apportioned in the denominator.

G 15.2. Adjustment for discontinued operations
This adjustment is required to ensure the capital employed of the joint venture held for sale (Glanbia Ireland) is appropriately time apportioned in the denominator.

The adjustment for discontinued operations removes the average capital employed of Glanbia Ireland to calculate the return on capital employed for continuing operations.

G 16. 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 26 to 27). TSR is one of the performance conditions in Glanbia's Long-Term Incentive Plan. See Remuneration Committee Report on pages 118 to 142 for more information.

G 17. 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	2021 € cent	2020 € cent
Adjusted Earnings Per Share	G 6.2	**87.15**	73.78
Dividend recommended/paid per ordinary share	Note 14	**29.28**	26.62
Dividend payout %		**33.6%**	36.1%

G 18. 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 19. 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 2021.

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.

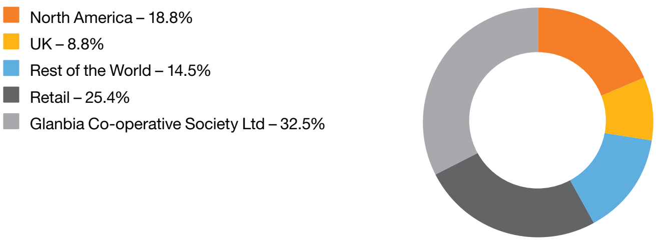
	2021	2020
Share price data	€	€
Share price as at financial year end	**12.30**	10.38
Market capitalisation as at financial year end	**3,532.2m**	3,056m
Share price movements during the year:		
– high	**15.11**	11.49
– low	**9.88**	7.70

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	53,961,524	18.8
UK	25,257,879	8.8
Rest of world	41,715,114	14.5
Retail	72,958,751	25.4
Glanbia Co-operative Society Ltd	93,276,077	32.5

* This represents a best estimate of the number of shares held by geographic locations at 01 January 2022.



Share capital
The authorised share capital of the Company at 01 January 2022 was 350,000,000 ordinary shares at €0.06 each. The issued share capital at 01 January 2022 was 287,169,345 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 01 January 2022 and 28 February 2022 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 1 January 2022	% of issued share capital as at 1 January 2022
Glanbia Co-operative Society Limited	93,276,241	32.48%
Black Creek Investment Management Inc.*	11,874,803	4.14%
Southeastern Asset Management, Inc.	–	–

Shareholder	No. of ordinary shares as at 28 February 2022	% of issued share capital as at 28 February 2022
Glanbia Co-operative Society Limited	87,526,241	31.08%
Black Creek Investment Management Inc.*	11,874,803	4.22%
Southeastern Asset Management, Inc.	10,731,019	3.81%

* 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 01 January 2022, 412,493 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 17.53 cent per share will be paid in respect of ordinary shares on 06 May 2022 to shareholders on the register of members on 25 March 2022. 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 changed 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 from 15 March 2021 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).

Shareholders holding their shares 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.

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 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 Glanbia 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 who hold their shares in certificated form can also vote online for the next Annual General Meeting ('AGM') via: www.eproxyappointment.com. Holders of CREST Depository Interests ('CDIs') and/or participants of Euroclear Bank SA/NV ('Euroclear Bank') system should refer to the new arrangements post migration to Euroclear Bank on page 253.

Financial calendar

Announcement of 2021 Full Year Results	03 March 2022
Ex-dividend date	24 March 2022
Record date for dividend	25 March 2022
Expected latest time for return of voting instructions by CDI holders	28 April 2022
Record date for AGM	01 May 2022
Latest time for return of voting instructions by Euroclear Bank participants	03 May 2022
Latest time for return of voting instructions by holders of certificated shares	03 May 2022
AGM	05 May 2022
Dividend payment date	06 May 2022

AGM

The AGM will be held on 05 May 2022. 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

The well-being of shareholders and our people is a primary concern for the Directors and we will continue to closely monitor the COVID-19 situation and any advice by the Government of Ireland in relation to the pandemic. We will take all recommendations and applicable law in to account in the conduct of the AGM.

The voting results for the 2022 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 two 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 2022 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 the AGM:
- by attending the AGM in person; subject to COVID-19 applicable restrictions; or
- by submitting a validly completed proxy form appointing the chair 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
- via the Broadridge global proxy voting service if you hold CDIs via CREST; or
- EB Participants may send electronic voting instructions to Euroclear Bank via SWIFT or to 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 AGM; or
- attending via the Virtual Meeting Platform and voting electronically.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members.

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 became applicable to all dematerialised shares following the migration to Euroclear Bank which became effective in March 2021.

If you hold your interests in the Company's ordinary shares through a participant account in the Euroclear Bank System you can either send:
- electronic voting instructions to Euroclear Bank via SWIFT or to EasyWay Corporate Actions; or
- a proxy voting instruction to Euroclear Bank to appoint a third party (other than Euroclear Nominees or the chair of the AGM), subject to any COVID-19 restrictions, to attend and vote at the AGM;

If you hold your interests in the Company's ordinary shares as CDIs through CREST you can either send:
- electronic voting instructions to Euroclear Bank via Broadridge Financial Solutions Limited ("Broadridge"); or
- appoint a proxy via the Broadridge Global Proxy Voting service.

Persons who hold their interests in the Company's ordinary shares as Belgian law rights through the Euroclear Bank System or as CDIs should consult with their stockbroker or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxies and voting instructions for the AGM through the respective systems. For voting services offered by custodians holding Irish corporate securities directly with Euroclear Bank, please contact your custodian.

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 2022 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 groupsecretary@glanbia.ie no later than 25 March 2022 (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 2022 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 25 March 2022 (i.e. 42 days before the AGM) by post to the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to groupsecretary@glanbia.ie. A resolution cannot be included on the 2022 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 2022 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 2022 AGM (i.e. 29 April 2022) to the Group Secretary, Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to groupsecretary@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.

Contacts

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Principal Bankers
Allied Irish Banks, P.L.C.
The Governor and Company of the Bank of Ireland
Barclays Bank Ireland PLC
Danske Bank A/S
Coöperatieve Rabobank UA, trading as Rabobank Dublin
Ulster Bank Ireland DAC
Citibank N.A., London Branch
BNP Paribas, Dublin Branch
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Notes

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