

## Audit Committee Report

# Delivering on our purpose

**Paul Duffy**  
Audit Committee Chair

### Committee members and Committee tenure

	Appointed to the Committee	Number of full years on the Committee
P Duffy (Chair)	17 Jun 21	1
J Lodge	20 Jan 21	2
I Haaijer	17 Aug 22	<1
K Underhill	17 Aug 22	<1
D O'Connor <sup>1</sup>	1 Dec 14	7
P Coveney <sup>2</sup>	30 Sep 14	7

1. D O'Connor stepped down as an Audit Committee member on 17 August 2022.
2. P Coveney retired as an Independent Non-Executive Director and stepped down as an Audit Committee member on 30 March 2022.

See pages 84 and 85 for more information on the current Audit Committee members.



### Terms of reference

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

### Key responsibilities

Protecting the interest of shareholders by monitoring the integrity of all aspects of corporate and financial reporting (both in the annual report and on the company website), internal control, risk management and audit quality.

Reviewing and reporting to the Board the significant financial reporting issues and judgments made in preparing the Group's Financial Statements, interim reports, and related formal statements.

Reviewing and challenging where necessary the appropriateness and consistency of the accounting policies applied in preparing the Group's Financial Statements.

Providing advice to the Board 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.

Assisting the Board in its responsibilities in monitoring and reviewing the effectiveness of the Group's systems of risk management and internal control and assessing the emerging and principal risks facing the Group.

Reviewing reports from specialist functions such as Health & Safety, Quality and Food Safety, Group Treasury, and Group Tax to identify issues that may have a material impact to the Group.

Considering and inputting into the work undertaken to improve the Group IT and cyber security capabilities, and the Group's 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 reviewing and monitoring the independence, objectivity and effectiveness of the external audit and the appropriateness of the provision of non-audit services to the Group in line with the Group Auditor Relationship and Independence Policy.

Approving the statutory Auditor's terms of engagement and remuneration.

Making recommendations to the Board in relation to the appointment, re-appointment and removal of the Group's statutory auditor and 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 and supporting the Board in assessing the Group's whistleblowing arrangements.

### Allocation of time

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



# Audit Committee Report continued

## Dear shareholder,

As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 31 December 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 announced on 24 February 2022, I have succeeded Dan O'Connor as Chair of the Audit Committee effective 7 March 2022. Patrick Coveney retired as an Independent Non-Executive Director effective 30 March 2022. Ilona Haaijjer and Kimberly Underhill were appointed as members of the Audit Committee effective 17 August 2022 and Dan O'Connor stepped down as an Audit Committee member on the same date.

## Responsibilities

The Audit 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 to 109.

The Audit Committee also supports the Board in monitoring and 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. The Audit Committee, together with the Board, are closely monitoring the key risks that could materially and adversely affect the Group's ability to achieve its strategic objectives, particularly those whose probability of occurrence and extent of impact are elevated by the consequences of the ongoing war in Ukraine, geopolitical tension, the general macroeconomic environment and the lingering impacts of Covid-19.

During the year, the Group has continued to make progress on climate change initiatives and has made important strides in embedding climate change impacts within our strategy, operations and risk management processes. The approach taken to measure climate risk impact through the scenario analysis and financial impact assessment are discussed in detail in the TCFD Report on pages 62 to 65. The Audit Committee has also assessed with management the impact of climate-related matters on the Group's Financial Statements (see Note 2). The Audit Committee continues to monitor the regulatory environment to ensure the Group provides stakeholders with consistent, comparable and reliable information on ESG matters.

Group Internal Audit ("GIA") presented the results of a Group-wide combined assurance exercise, completed across the Group's core activities. While this exercise did not identify any significant improvement opportunities, it provided greater detail for the Audit Committee to assess the Group's principal risks and to further progress our overall assurance model. The work performed in this regard is detailed on page 107.

## Engagement

In fulfilling its key oversight responsibilities, the Audit Committee engaged regularly with management, GIA and the statutory auditor to ensure timely and accurate information was consistently provided to the Audit Committee. Our engagement with the GIA function and the statutory auditor is detailed on pages 107 and 109 together with an explanation of how the Audit Committee has assessed the independence and effectiveness of the external audit process.

The Audit Committee is satisfied, based on the evidence obtained throughout the external audit process, including its review of the key audit risk areas, and the work undertaken by the statutory auditor to address those risks, that a robust, effective and efficient process is evident across the Group.

## Priorities for 2023

The Audit Committee's key priorities for 2023 include:

- ensuring the Group's Financial Statements are accurate and reflect the balanced and consistent application of financial and non-financial reporting requirements;
- providing independent challenge and oversight of areas of key judgement or estimation;
- maintaining focus on impairment testing methodology, inputs, assumptions, sensitivity analysis and results;
- continuing to assess the processes in place to ensure effective oversight of ESG activities and other non-financial disclosures;
- monitoring the Group's principal risks and uncertainties including potential negative impacts arising from geopolitical risks affecting the Group, the ongoing war in Ukraine, the global economic outlook, and inflation, energy cost and interest rate increases;
- receiving 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;
- maintaining oversight on the remaining challenges posed by Covid-19 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 for all material investments.

## Review of Audit Committee performance

The Audit Committee assessed its performance covering its terms of reference, composition, procedures, contribution, and effectiveness. As a result of that assessment, the Board and Audit Committee are satisfied that the Audit Committee is functioning effectively and continues to meet the requirements of its terms of reference. A detailed Audit Committee effectiveness review, conducted by GIA, validated the Audit Committee's conclusion.

On behalf of the Audit Committee



**Paul Duffy**  
Audit Committee Chair

## Governance

### Committee membership

The Audit Committee was in place throughout 2022. At present, the Audit Committee is comprised of four Independent Non-Executive Directors, Paul Duffy (Chair of the Audit Committee), Jane Lodge, Ilona Haaijer and Kimberly Underhill. Two members constitute a quorum. The Group Secretary acts as secretary to the Audit Committee.

Membership is reviewed annually by the Chair of the Audit 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 the Audit Committee, as a whole, meets the requirements for recent and relevant financial experience, as set out in the UK Corporate Governance Code 2018. The Board is also satisfied that the Audit 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 84 and 85.

Given the evolving Audit Committee membership a training session was delivered to the members of the Audit Committee focused on ensuring the effective operation of the Audit Committee in line with its duties from a statutory basis, as well as the Irish and UK Listing requirements.

### Meetings

The Audit Committee met eight times during the year ended 31 December 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 Audit 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 Audit 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 2023 to review the findings from the audit of the Financial Statements. The Group Head of Internal Audit also has direct access to the Chair of the Audit Committee. After each Audit Committee meeting, the Chair of the Audit Committee reports to the Board on the key issues which have been discussed. The allocation of time across each of the key Audit Committee activities is set out on page 103.

## Audit Committee key activities

### Financial reporting and significant financial judgements

As part of the Audit Committee's role, the Audit 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 with a recommendation to approve. These reviews were focused on but not limited to:

- the appropriateness and consistency of application of accounting policies, practices and proposed disclosures;
- compliance with financial reporting standards and corporate governance requirements including compliance with climate-related disclosures; and

- significant areas in which estimation or judgement had been applied in the preparation of the Financial Statements.

The GIA team contribute to the assurance process by reviewing compliance with internal control processes including the review of the Group's internal financial controls. The statutory auditor presents its findings to the shareholders as the owners of the business, and its report can be found on pages 160 to 169.

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 2021 and 2022 and the Audit Committee is satisfied that this is appropriate and consistent with the Group's policy in this area. The table on page 108 sets out the 2022 significant Financial Statements reporting judgements and disclosures and how the Audit Committee addressed these matters.

The Audit Committee considered the Directors' Responsibility Statement and the Group's principal risks and uncertainties within the 2022 Annual Report and Financial Statements and the half-year results and were satisfied with the adequacy of the disclosures.

### Geopolitical risk

The Audit Committee has supported the Board in closely monitoring the risks associated with the ongoing war in Ukraine and other geopolitical tensions that could potentially impact the growth objectives of the Group. While the Group does not have operations in either Russia or Ukraine, a review was undertaken to assess any impacts for the Group's Financial Statements arising from the conflict or sanctions imposed on Russia. The Audit Committee together with the Board are also monitoring the escalating tensions in other key trading regions, particularly between China and Taiwan, where any potential conflict, economic sanctions or trade rulings would impact the growth objectives of the Group. The impact on the Group's principal risks is discussed in the Risk Management Report and Principal Risks and Uncertainties on pages 67 to 77.

### Covid-19

The Audit Committee continues to be conscious of the potential impact of Covid-19 on the Group's employees and operations. Employee performance has remained strong, and the controls implemented to support remote working continue to be operationally effective. Our offices remained open during the year as restrictions on movement and travel were eased as the general public health situation continued to improve. The Audit Committee will continue to engage with the Board to ensure that effective internal control and risk management systems are maintained.

The Audit Committee 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 being conducted in a hybrid manner (both in-person and remotely), have also been considered. The Audit Committee is satisfied that both the internal and external audit teams were able to work safely and in compliance with the relevant laws and guidance.

# Audit Committee Report continued

## Fair, balanced and understandable

At the request of the Board, the Audit Committee reviewed the contents 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 Audit 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, to ensure the draft Annual Report and Financial Statements were available to the Audit Committee in sufficient time to facilitate adequate review and effective challenge at the meeting;
- a detailed report was presented to the Audit Committee outlining the process by which they assessed the narrative, financial sections and disclosures of the 2022 Annual Report to ensure that the criteria of fair, balanced and understandable has been achieved;
- together with the ESG Committee, disclosures on ESG related matters including the TCFD report and other climate disclosures 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 Audit 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.

## 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 1 January 2022 outlining a number of areas on which they required further information. The Company provided the necessary information requested and IAASA acknowledged the cooperation received from the Directors and management in responding to the queries raised. The Audit Committee was satisfied that no material findings arose from the review.

## 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 and 71. This review included assessing the effectiveness of the process undertaken by the Directors to evaluate going concern, including the lingering impacts of the Covid-19 pandemic, the general macroeconomic environment, inflationary pressures, rising energy costs, interest rates and cost of living which have been exacerbated by the ongoing war in Ukraine, and the analysis supporting the Going Concern Statement and disclosures in the Financial Statements. The Audit 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 Audit Committee also reviewed the Long-term Viability Statement which is supported by the work conducted in the strategy and budget review in December 2022 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 pages 70 and 71.

## Directors' Compliance Statement

The Audit 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 Audit Committee confirmed to the Board that it is satisfied that appropriate steps have been undertaken to ensure that the Company is in material compliance with its relevant obligations.

## Risk management and internal control systems

The Audit Committee receives regular Group key risk summary reports, prepared by the Internal Audit team, tracking residual key risk exposures which allows the Audit 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 77 sets out the detailed steps in the process and the Group's principal risks. The Audit Committee's risk management focus during 2022 included:

- reviewing and approving the assessment of the principal risks and uncertainties that could impact the achievement of the Group's strategic objectives as outlined on pages 72 to 77;
- continued increasing focus on developing a detailed understanding of the risks within each of the core functions, our improvement opportunities and areas of emerging risk exacerbated by the ongoing war in Russia and Ukraine;
- receiving risk presentations from a number of Group functional leads in particular receiving detailed presentations from Group IT on the progress of the Group's IT strategy and its response to cyber security risks. Cyber security remains a major focus for the Audit Committee given the ever-increasing risks in this area at a global level. The Audit Committee received updates on information security matters from Group IT three times during the year. The Chair of the Audit Committee updated the Board on the IT discussions on each occasion;
- evaluating the continued impacts of Covid-19 on the business and the health and safety of its employees;
- reviewing the disclosures in relation to material CROs as outlined in the TCFD and the results of the reassessment and the completion of scenario and quantification analysis of the potential impact of CROs under a number of temperature scenarios on pages 62 and 63;
- reviewing Group Finance papers which considered the impact of climate change on the Group Financial Statements which includes details on the TCFD requirements, as outlined on pages 62 to 65 and accounting policy Note 2 to the Financial Statements. During the year, Group Finance and the statutory Auditors provided the Audit Committee with regular updates on the evolving legislative and external reporting requirements including climate-related risk disclosures;
- reviewing and assessing management's recommendation to change the presentation currency of the Group's Financial Statements from euro to US dollar reporting in 2023 as outlined in the Group Finance Director's review on page 45 and Note 36 to the Financial Statements;

- 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 control deficiencies 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, key matters arising from the statutory audit together with management's plans in place to address any internal control weaknesses noted.

The Audit 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 GIA function, the Audit Committee:

- approved the GIA Charter and annual risk-based work plan including any amendments to ensure the plan remains dynamic to address business challenges, changes to current and emerging areas of key Group risks and the changing business environment during the year. Audits were conducted in a hybrid manner (both in-person and remotely) as travel restrictions were lifted in key locations during the year;
- 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;
- satisfied itself that the internal audit team is appropriately resourced, where additional skills or expertise are required, the Head of Internal Audit makes the necessary arrangements to complement the in-house team;
- reviewed the team's use of technology including the audit management system and data analytics tools, processes, techniques and plans to ensure the effectiveness of Internal Audit processes and oversight of risks;
- approved the GIA Strategic Plan for 2022 to 2024;
- 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. This included receiving updates on the activities performed in line with the quality assurance and improvement programme policy (QAIP) that is designed to ensure that Internal Audit performs its work in accordance with its Charter, which is consistent with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing, Definition of Internal Auditing and Code of Ethics; and
- as part of the QAIP, an external quality assessment of the Internal Audit function was conducted in 2022 by PwC. The external review noted that the Internal Audit function is providing effective assurance to management and the Audit Committee and is in general compliance with the IIA Standards with no material issues identified.

GIA performed a combined assurance mapping exercise to identify potential assurance gaps and avoid duplication of

assurance effort. The output of the exercise was presented to the Audit Committee and while it did not identify any significant improvement opportunities, it provided greater detail to allow the Audit Committee to further progress the Group's overall assurance model. GIA also continued its focus 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 Audit Committee to have an integrated view on the way risks are managed. Management is responsible for ensuring issues raised by Internal Audit are addressed within the agreed timeframe, and the Audit 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 Chair of the Audit Committee, to review the meeting agendas, and draft papers and to ensure that the overall Audit Committee work plan remains aligned to the current and emerging areas of key Group risk. Where required, the relevant Board or Audit Committee agendas are amended to include items that require more detailed consideration, typically by a direct presentation to the Audit Committee or Board by the relevant business unit or functional lead.

On the basis of the above, the Audit 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 Audit Committee continues to encourage effective coordination among the internal assurance providers, external and internal audit teams to maximise the benefits from coordinated activities and ensures that this is in place.

#### Whistleblowing and fraud

The Board has delegated responsibility to the Audit 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 updated Code of Conduct which is available on the Company's website [www.glanbia.com](http://www.glanbia.com) and on our Group intranet. The Audit Committee received a presentation 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. The Group's Speak Up Policy was updated during the year to reflect evolving regulatory and best practice requirements.

The Group's Anti-Bribery and Corruption Policy, Group Code of Conduct and Supplier Code of Conduct were refreshed during the year to further strengthen the Group's fraud prevention procedures. A training module to support the Supplier Code of Conduct was developed during 2022 and will be launched in 2023. Management with the support of Internal Audit have formalised and enhanced the existing fraud risk management policies and processes, to help ensure a robust fraud prevention programme is implemented across the Group. A fraud risk assessment has been completed and approved by the Audit Committee and Board.

The Audit 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's activities, are adequate and allow for the proportionate and independent investigation of such matters and appropriate follow up action.

# Audit Committee Report continued

## 2022 significant financial reporting judgements and disclosures

The areas considered and the actions taken by the Audit Committee in relation to the 2022 Annual Report are outlined in the table below. For each area, following its enquiries, the Audit 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
<b>Impairment review of goodwill and intangibles</b> 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.	<ul style="list-style-type: none"><li>• Management provided the Audit 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;</li><li>• The Audit Committee considered the reorganisation of the Group's cash generating units (CGUs) following the fundamental reorganisation of the GPN segment which commenced in 2019 and is now complete. The Audit Committee is satisfied that the revised CGUs reflect the interdependencies of cash inflows within the Group and how management monitors operations.</li><li>• The Audit Committee reviewed and discussed the reports with management and challenged the application of management's 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;</li><li>• The Audit Committee considered the updates made to assumptions and Financial Statement disclosures as a result of management's assessment of the impact of Covid-19 on forecasted business performance and cash flows, impact of climate related matters as disclosed in Note 16 to the Financial Statements, and the extent of sensitivity disclosures provided;</li><li>• The Audit Committee considered the potential impacts of the ongoing war in Russia and Ukraine; rising energy costs, inflation, and interest rates; and climate change on the Group's businesses and valuation assumptions; and</li><li>• The Audit Committee considered the output from the sensitivity analysis performed at 2022 year-end, and in particular, noted that based on the conclusions of the impairment process completed, no impairment was identified.</li></ul>
<b>Exceptional items</b> 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.	<ul style="list-style-type: none"><li>• The Audit Committee reviewed the nature of the exceptional items identified and the effectiveness of the process that requires all exceptional items to be pre-approved. After a detailed review and consideration of the disclosures, the Audit Committee 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 2022 are included in Note 6 to the Financial Statements.</li></ul>
<b>Revenue recognition</b> 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.	<ul style="list-style-type: none"><li>• 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</li><li>• Key areas of focus and challenge from the Audit 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.</li></ul>
<b>Uncertain tax provisions</b> 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.	<ul style="list-style-type: none"><li>• The Audit Committee received a presentation from the Group Finance Director and the Group Head of Tax on various tax matters including tax structures and controls, the ongoing management of the Group's system of operation, evolving tax legislation and the status or outcome of any tax authority reviews conducted during the financial period;</li><li>• The Audit Committee considered the impact of the Group financing arrangements and the Group's compliance with the legislative requirements in this area;</li><li>• The Audit 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</li><li>• The Audit Committee challenged management on the key judgements and estimates underpinning both the provisions 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.</li></ul>

## Review of statutory auditor

The Audit 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 Audit 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 Audit 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 the hybrid audit approach adopted.

The Audit Committee received a number of updates from Deloitte with regard to the evolving regulatory requirements for ESG reporting and the recent corporate governance updates including:

- ESG's current landscape and future developments and the importance of achieving an appropriate balance between the climate-related disclosures in the management commentary and the disclosures in the financial statements;
- IAASA, FRC and IFRS technical updates and commentary including the investor and regulator expectations of corporate reporting; and
- UK Corporate Governance Code requirements.

### Independence and objectivity of the statutory Auditor

To ensure the independence and objectivity of the statutory auditor, the Audit 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. The current audit engagement partner, Emer O'Shaughnessy was appointed as lead engagement partner for the Group in 2021; 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 Audit Committee at the following meeting of the Audit 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 Audit 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 2022, remained consistently positive.

Overall, the Audit Committee remains satisfied with the effectiveness of the statutory auditor based on:

- its own interactions with Deloitte Ireland LLP during Audit Committee meetings;
- 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 Audit Committee's conclusion that the external audit process was effective was conveyed to the Board.