

Glanbia plc ("the Company")

Terms of Reference - Audit Committee

1. Constitution:

The board of the company ("the Board") on 10 December 2019 endorsed the revised Terms of Reference of the Audit Committee ("the Committee").

2. Membership:

- The Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chairperson of the Committee. The Committee shall be made up of at least three members each of whom shall be an independent Non-Executive Director at least one of whom shall have recent and relevant financial experience and members of the Committee as a whole shall have competence relevant to the sector in which the Company is operating. .
- Appointments to the Committee shall be for a period of up to three years or until earlier retirement from the Board. Appointments may be extended for further periods of three years provided the director meets the criteria for membership of the Committee.
- The Board shall appoint the Committee Chairperson who shall be an independent Non-Executive Director on the recommendation of the Nomination and Governance Committee. In the absence of the Committee Chairperson and/or an appointed deputy, the remaining members present shall elect one of their numbers present to chair the meeting.
- Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Group Managing Director, Group Financial Director, Group Internal Auditor and Group Financial Controller, while not members of the Committee, will normally attend meetings. Other Directors and representatives from the finance function or Business Units or Functional Heads may be invited to attend all or part of any meeting as and when appropriate.
- The external auditors will normally be invited to attend meetings of the Committee except when any matter concerning the external auditors (e.g. performance, independence and value provided) is being considered by the Committee. The external auditors may attend Board meetings at the request of the Chairman of the Audit Committee.

3. Secretary:

The Company Secretary or his/her nominee shall act as the Secretary of the Committee. He/she will not be a member of the Committee. The Secretary shall minute the proceedings and resolutions of all meetings, including recording the names of those present and in attendance.

4. Quorum:

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Frequency of meetings:

The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

6. Notice of Meetings:

- Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of times to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, not later than 3 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Communications with the Board:

- After each meeting of the Committee, the Chairman of the Committee shall report to the Board on the proceedings and resolutions of the meeting.
- Board members have full access to any information they request in relation to the activities of the Committee.

8. Annual General Meeting:

The Chairperson of the Committee shall attend the annual general meeting to respond to any shareholder questions on the Committee's activities.

9. Duties:

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate:

Financial Reporting

- The Committee shall monitor the integrity of the financial statements of the company, including its annual and half-yearly reports, preliminary results' announcements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements that they contain. The Committee shall also review any financial information contained in certain other documents such as announcements of a price-sensitive nature.
- The Committee shall review and challenge where necessary following appropriate input from the external auditor:
 - The consistency of, and any change to, accounting policies both on a year on- year basis and across the company/group;
 - The methods used to account for significant financial reporting estimates and judgements (including the basis for the going concern assumption), alternative accounting treatments and assumptions made by management where different approaches are possible;
 - The extent to which the financial statements are affected by any unusual transactions or any off-balance sheet arrangements in the year and how they are disclosed;
 - Whether the company has kept proper books of account and whether the financial statements have been prepared in all material respects in accordance with applicable accounting standards and give a true and fair view of the state of affairs and the profit or loss of the company;
 - The clarity and completeness of disclosures in the company's financial reports and the context in which statements are made; and
 - All material information presented with the financial statements, such as the operating and financial review and the Corporate Governance statement (insofar as it relates to the audit and risk management).
- The Committee shall review the annual financial statements of the pension funds where not reviewed by the Board as a whole.

UK Corporate Governance Code

The Committee shall assist the Board in meeting its obligations under the UK Corporate Governance Code and Irish Corporate Governance annex, including

- Reviewing reports from specialist functions (such as on food safety and quality, operational risk management and Group legal) and conduct an annual assessment of the Group's risk management and internal control systems in order to report to the Board on:
 1. the nature and extent of significant risks facing the Group;
 2. the design, operation and monitoring by management of internal control systems; and
 3. the accuracy and frequency of reports from management to the Board, and whether they give a balanced assessment of the significant risks and the effectiveness of the system of internal control in managing those risks;
- Where requested by the Board, the Audit Committee will provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy;
- To report to the Board on how it has discharged its responsibilities;
- To deal with other matters which the Board may refer to the Audit Committee.

Internal Controls and Risk Management Systems

The Committee shall:

- Review the effectiveness of the company's key financial and non-financial internal controls and risk management systems;
- Review and evaluate whether management is implementing recommendations in a timely manner;
- Receive reports from management on the effectiveness of the systems they have established and the conclusions of any testing carried out by internal and external auditors;
- Consider and make recommendations to the Board on the nature and extent of the significant risks the company is willing to take in achieving its strategic objectives; and
- Review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

Whistleblowing and Fraud

- The Committee shall review the company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.
- The Committee shall review the company's procedures for fraud prevention and detection.
- The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

Internal Audit

The Committee shall:

- Monitor and review the company's internal financial controls and internal control and risk management systems
- Monitor and review the effectiveness of the company's internal audit function
- Approve the appointment and removal of the head of the internal audit function;
- Consider and approve the remit of the internal audit function and ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure that the function has adequate standing and is free from management or other restrictions;
- Review and assess the annual internal audit plan;
- Review promptly all reports on the company from the internal auditors addressed to the Committee;
- Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and

- Meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairperson of the Board and to the Committee.

External Audit

The Committee shall:

- Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.
- Oversee the relationship with the external auditors including (but not limited to):
 - Considering and making recommendations to the Board on the approval of their remuneration, whether fees for audit or non-audit services and verifying that the level of fees is appropriate to enable an adequate audit to be conducted;
 - Approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business);
 - Agreeing with the Board a policy on the employment of former employees of the company's auditors, then monitoring the implementation of this policy;
 - Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fee paid by the company compared to the overall fee income of the firm, office and partner and other related requirements;
 - Assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality process; and
 - Seeking to ensure co-ordination with the activities of the internal audit function.
- Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting date. The Committee shall meet the external auditor at least once a year, without management being present; to discuss their remit and any issues arising from the audit.
- Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, considering whether the auditor's overall work plan, including planned levels of materiality and proposed resources to execute the audit plan appears consistent with the scope of the audit engagement, having regard also to the seniority, expertise and experience of the audit team.
- Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - A discussion of any major issues that arose;
 - Any accounting and audit judgements;
 - Any material weaknesses in accounting and internal control systems that come to the Auditor's attention; and
 - Levels of misstatements (corrected and uncorrected) identified during the audit.
- The Committee shall also review the effectiveness of the audit. The Committee shall
 - Review any representation letter(s) requested by the external auditor before being signed by management giving particular consideration to matters where representation has been requested that relate to nonstandard issues and considering whether the information provided is complete and appropriate based on its own knowledge;
 - Review the management letter and management's response to the auditor's findings and recommendations; and
 - Develop and implement a policy on the supply of non-audit services by the external auditor, ensuring there is prior approval of non-audit services, considering the impact

this may have on independence taking into account any relevant regulations and ethical guidance on the matter and reporting to the board on any improvement or action required;

Reporting Responsibilities

- The Committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- Minutes of the Committee meetings shall be circulated to all Board members once approved.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall compile a report to shareholders on its activities to be included in the company's annual report.

Market Abuse Regime

- The Committee shall review annually:
 - whether all inside information (identified as requiring disclosure) was disclosed without delay.
 - whether all reasonable steps were taken by the Company to ensure that the disclosure of information to the public was synchronised as closely as possible between all categories of investors in regulated markets in Ireland and the UK.
 - whether all inside information announced via an RNS was made available on the Company's internet site by the close of business day following the day of the RNS announcement.
 - whether the Company, for a period of five years following publication, posted on its Internet site, all inside information that it is required to disclose via an RNS.
 - the Company's arrangements to keep inside information confidential until the moment of announcement;
 - the Company's arrangements to deny access to inside information to persons other than those who require it in the exercise of their functions within the Company;
 - the list of Person(s) responsible for communication with analysts, investors and press;
 - the measures taken by the Company to ensure that a person with access to inside information acknowledges the legal and regulatory duties entailed and is aware of the sanctions attaching to the misuse or improper circulation of that information;
 - the Company and anyone acting on its behalf draw up and maintain a list of insiders.
 - whether persons discharging managerial responsibilities, and persons closely associated with them, notify the Company in writing of transactions conducted on their own account in the shares of the Company, or derivatives or other financial instruments relating to those shares,
 - whether the Company announces via an RNS all such dealings as referred to in the preceding paragraph within the proper timeframe.
 - the procedures taken by the Company, where it releases inside information to people owing it a duty of confidentiality in the normal course of that person profession, duties or employment, to document the nature of the duty of confidentiality on which it is relying in releasing inside information.

Other Matters

- The Committee shall:
 - have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
 - be provided with appropriate and timely training, in the form of an induction programme for new members and on an on-going basis for all members.
 - give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, Irish Corporate Governance Annex and the requirements of the Stock Exchange Listing Authority's Listing Rules and other listing rules as appropriate.
 - be responsible for co-ordination of the internal and external auditors.
 - oversee any investigation of activities that are within its Terms of Reference and act as a court of the last resort
 - at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval

10. Authority:

The Committee is authorised:

- To seek any information it requires from any employee of the company in order to perform its duties.
- To obtain, at the company's expense, outside legal or other professional advice on any matters within its Terms of Reference.
- To call any employee to be questioned at a meeting of the Committee as and when required.
