

Corporate governance

Tate & Lyle is committed to high standards of corporate governance which the Board believes are central to achieving the Group's objectives and maximising shareholder value.

Compliance with the Combined Code

Tate & Lyle's ordinary shares are listed on the Official List of the UK Listing Authority. Therefore, the Company is required to state whether it has complied with the provisions in Section 1 of the UK Financial Reporting Council's Combined Code on Corporate Governance (as updated in 2006) (the Code) during the financial year under review. The Board confirms that the Company has complied with all the provisions set out in Section 1 of the Code during the financial year ended 31 March 2009.

This report, together with the directors' remuneration report on pages 84 to 96, provides details of how the Company applies the principles and complies with the provisions of the Code.

Board of directors

The Board is collectively responsible for promoting the success of the Company and for providing entrepreneurial leadership within a framework of prudent and effective controls that enable risk to be assessed and managed. It sets the Company's objectives and ensures that the necessary financial and human resources are in place to enable them to be met, and reviews management performance. The Board also sets the Company's values and standards and ensures that its obligations to shareholders and others are understood and met.

The Board has a schedule of matters reserved to it for its decision. This schedule is reviewed annually and includes approval of:

- Group strategy;
- annual budget and operating plans;
- major capital expenditure, acquisitions or divestments;
- annual and half-year financial results and interim management statements;
- safety and environmental policies;
- Board and Company Secretary appointments;
- senior management structure, responsibilities and succession plans;
- treasury policies;
- directors' conflicts of interest;
- system of internal control and risk management; and
- dividend policy.

Other responsibilities are delegated to Board Committees, which operate within defined terms of reference. Details of these are given on pages 66 to 68.

The directors' responsibilities for the preparation of financial statements are explained on page 83 and their statement on going concern is on page 58.

Board and Committee meetings

There were nine scheduled Board meetings during the year ended 31 March 2009, with two held at operating locations. Five additional meetings were held primarily to approve such matters as the publication of trading updates and changes to the composition of the Board. All directors also met off-site for a day to consider the Group's strategy.

Directors' attendance at the Board and Committee meetings that they were eligible to attend is shown in the table below.

Director	Board	Audit Committee	Nominations Committee	Remuneration Committee
Elisabeth Airey	13/14	5/5	11/12	11/11
Richard Delbridge	13/14	5/5	11/12	10/11
Iain Ferguson	13/14	–	10/12	–
Sir Peter Gershon	2/2	–	1/1	2/2
Evert Henkes	13/14	4/5	11/12	11/11
Sir David Lees	14/14	–	12/12	11/11
Tim Lodge	3/3	–	–	–
Stanley Musesengwa	4/4	–	–	–
John Nicholas	4/5	–	–	–
Stuart Strathdee	4/4	–	–	–
Robert Walker	13/14	5/5	11/12	11/11
Dr Barry Zoumas	13/14	4/5	11/12	9/11

In the few instances where a director is unable to attend a meeting, his or her comments on the briefing papers are given in advance to the relevant Chairman.

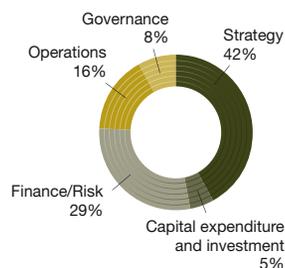
A rolling programme of items for discussion by the Board, which is constantly updated to reflect topical matters, has been in operation for a number of years. Board meetings are structured to allow open discussion and all directors participate in discussing strategy, trading, financial performance and risk management.

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All substantive agenda items have comprehensive briefing papers, which are circulated five days before the meeting. Members of executive management attend Board meetings and make presentations regularly.

The chart below shows the approximate time the Board has spent discussing agenda items during the year, separated into broad categories.

Board allocation of time
Year ended 31 March 2009



Board support

All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board processes are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. There is also a formal procedure whereby, in the furtherance of their duties, directors can obtain independent professional advice, if necessary, at the Company's expense.

The Company maintains appropriate insurance cover in respect of legal proceedings and other claims against its directors.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separated and their responsibilities are clearly established, set out in writing and agreed by the Board. The Chairman is responsible for the leadership and workings of the Board and ensuring its effectiveness, while the Chief Executive is responsible for the running of the business and implementing strategy and policy.

Other significant commitments of the Chairman, Sir David Lees, are set out in his biography on page 60. The Board is satisfied that they do not unduly restrict him from carrying out his duties as Chairman effectively.

Board balance and independence

The Board currently comprises the Chairman, who has no executive responsibilities, two executive directors and six non-executive directors, including the Chairman-elect. The names and biographies of the directors are on pages 60 and 61.

With the exception of the Chairman, who is presumed under the Code not to be independent, the Board considers all the non-executive directors, including the Chairman-elect, to be independent.

Richard Delbridge is the Senior Independent Director and is available to shareholders if they have any issues or concerns.

The non-executive directors have a wide range of skills and knowledge and combine broad business and commercial experience with independent and objective judgement.

The terms and conditions of appointment of the non-executive directors can be inspected at the Company's registered office and will be available for inspection at the Annual General Meeting (AGM).

Directors' conflicts of interest

A new statutory duty on directors to avoid conflicts of interest with the Company came into force on 1 October 2008. The Company's Articles of Association, which were amended in July 2008, permit directors to authorise conflicts of interest and the Board has adopted a policy and procedures for managing and, where appropriate, authorising, actual or potential conflicts of interest. Under those procedures, directors are required to declare all directorships or other appointments to organisations that are not part of the Group and which could result in actual or potential conflicts of interest, as well as other situations which could result in a potential conflict of interest.

The Board is required to review directors' actual or potential conflicts of interest at least annually. Directors are required to disclose proposed new appointments to the Chairman before taking them on, to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed directors are considered by the Board prior to appointment.

Re-election of directors

The Company's Articles of Association require all directors to seek re-election by shareholders at least once every three years. In addition, any directors appointed by the Board must stand for re-election at the first AGM following their appointment. Any non-executive directors who have served for more than nine years are subject to annual re-election.

The names of the directors retiring and standing for re-election at the 2009 AGM are set out on page 82. Further details are given in the letter from the Chairman to shareholders in the Notice of Meeting document.

Information, induction and professional development

The Chairman, assisted by the Company Secretary, is responsible for ensuring that the directors receive accurate, timely and clear information on all relevant matters.

On appointment to the Board, directors receive a comprehensive induction programme, which includes site visits and meetings with senior management across the Group. New directors receive background reading about the Group and details of Board procedures and other governance-related matters. Major shareholders have been offered the opportunity to meet new non-executive directors as part of the directors' induction programme.

Directors receive ongoing training and updates on relevant issues as appropriate, taking into account their individual qualifications and experience. A number of training sessions for directors were held outside the scheduled meetings on subjects of particular relevance during the year. The Company Secretary helps directors undertake any other professional development they consider necessary to assist them in carrying out their duties. Visits to external events or organisations are also arranged for the Board to help non-executive directors in particular to gain a deeper insight into the Group's operating environment.

Performance evaluation

During the year, the Chairman led an exercise to evaluate the effectiveness of the Board and its Committees.

As part of the process, the Chairman held one-to-one meetings with each director and the Company Secretary. The main themes and observations on the Board's effectiveness were summarised in a report to the Board. It concluded that the Board continued to operate in an effective manner but made a number of recommendations for improvements such as the timing of Committee meetings and further enhancements to the format and content of Board papers. Actions are being or will be taken to address the matters raised by the evaluation with progress monitored by the Company Secretary.

With regards to the performance of individual directors, the Chairman concluded that all directors continue to make an effective contribution to the Board's work, are

well prepared and informed about issues they need to consider and that their commitment remains strong.

During the year, the non-executive directors met together without the Chairman, under the chairmanship of the Senior Independent Director, to appraise the Chairman's performance (the Senior Independent Director having first sought the views of the executive directors). In addition, the Chairman held a private meeting with the non-executive directors to appraise the Chief Executive's performance and to address any other matters the non-executive directors wished to raise.

The Audit, Nominations and Remuneration Committees also undertook an evaluation of their work and effectiveness during the year, the results of which were reported to the Board by the respective Committee Chairmen. The reviews concluded that each Committee was operating effectively.

Shareholder communications

The Chief Executive, Group Finance Director and Director of Investor Relations maintain a regular programme of visits and presentations to major institutional shareholders both in the UK and overseas. The Chairman and Senior Independent Director participate in this programme as appropriate and the Chairman provides feedback to the Board on any matters raised with him by major shareholders. The Investor Relations Department provides the Board with a detailed report on discussions with major institutional shareholders each time it meets. All directors receive copies of analysts' reports on the Company and the Board is briefed periodically by the Company's financial advisers on investors' perceptions of Tate & Lyle and its investor relations activities.

The non-executive directors are encouraged to attend presentations to analysts and shareholders, and in particular the full year and interim results presentations.

The Company aims to present a balanced and clear assessment in all its reports to the public and to regulators. Key announcements, financial reports and other information about the Group can be found on the Company's website at www.tateandlyle.com.

Shareholders who attend the AGM are given the opportunity to put questions to the Board on matters relating to the Group's operations and performance. Approximately 250 shareholders attended the AGM in 2008. The level of proxy votes received in respect of each resolution, together with the level of abstentions, are announced to shareholders at the AGM, notified to the market and published on the Company's website.

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Board Committees

There are three main Board Committees: Remuneration, Nominations and Audit. The terms of reference of each Committee, which are reviewed annually by the Board, are available on the Company's website, www.tateandlyle.com, or from the Company Secretariat at the registered office.

The Committees are supported by the services of the Company Secretariat and, if deemed necessary, can obtain independent professional advice at the Company's expense. The Company Secretary, Robert Gibber, is Secretary to each Board Committee.

Remuneration Committee

The Committee comprises the independent non-executive directors and the Chairman of the Board. The members of the Committee during the year and up to the date of this report were:

Evert Henkes, Chairman
Elisabeth Airey
Richard Delbridge
Sir Peter Gershon (from 1 February 2009)
Sir David Lees
Robert Walker
Dr Barry Zoumas

The Committee meets as required, usually before each Board meeting, and has a formal calendar of items for consideration at each Committee meeting.

The Committee determines the remuneration packages of each executive director and the other members of the Group Executive Committee. This includes base salary, bonus, long-term incentives, benefits and terms of employment, including those upon which their service may be terminated. The Committee also determines the base salary, long-term incentives and benefits of certain other senior executives. In consultation with the Chief Executive, the Committee also determines the remuneration of the Chairman. The remuneration of non-executive directors is determined by the executive directors and the Chairman. More information on policy, practice and the workings of the Committee can be found in the directors' remuneration report on pages 84 to 96.

Nominations Committee

The Committee comprises the non-executive directors and the Chief Executive under the chairmanship of the Chairman of the Board (except when the Committee is dealing with the appointment of a successor to the Chairman, when the Senior Independent Director chairs the Committee).

The members of the Committee during the year and up to the date of this report were:

Sir David Lees, Chairman
Elisabeth Airey
Richard Delbridge
Iain Ferguson
Sir Peter Gershon (from 1 February 2009)
Evert Henkes
Robert Walker
Dr Barry Zoumas

The main responsibilities of the Committee are to:

- review the size and composition of the Board, including succession planning, and the leadership needs of the Group generally;
- make recommendations on candidates for appointment as executive and non-executive directors and as Company Secretary, taking into account the balance of the Board and the required blend of skills and experience;
- make recommendations on the processes for the appointment of the Chairman of the Board;
- review annually the performance of each member of the Group Executive Committee and to report on that review to the Remuneration Committee; and
- make recommendations on the nomination of the Senior Independent Director, the reappointment of non-executive directors upon the expiry of their term of office, and the proposed re-election of directors retiring by rotation at the AGM.

When recruiting non-executive directors, the Committee considers the particular skills, knowledge and experience that would most benefit the Board, and external recruitment consultants are engaged to assist in the recruitment process.

During the year, the Senior Independent Director, Richard Delbridge, led the search for a successor to the Chairman, with the help of external consultants. The Chairman did not chair the Nominations Committee meetings when the issue of his successor was being discussed. As a result, the Committee recommended the appointment of Sir Peter Gershon as a non-executive director and Chairman-elect. Sir Peter was appointed by the Board with effect from 1 February 2009 and his biography is set out on page 60.

With the help of external recruitment consultants and following a competitive selection process, the Committee also recommended that Tim Lodge be appointed Group Finance Director from 4 December 2008. The recommendation was approved by the Board.

Following the end of the financial year and after a competitive selection process which was undertaken with the assistance of external recruitment consultants, the Committee recommended that Javed Ahmed be appointed Chief Executive. The recommendation was approved by the Board. As announced on 19 May 2009, Javed Ahmed will join the Company and the Board by 15 November 2009.

Audit Committee

The Committee consists solely of independent non-executive directors. Elisabeth Airey succeeded Richard Delbridge as Chairman of the Audit Committee following the AGM on 23 July 2008.

The members of the Committee during the year and up to the date of this report were:

Elisabeth Airey, Chairman
Richard Delbridge
Sir Peter Gershon (from 1 February 2009)
Evert Henkes
Robert Walker
Dr Barry Zoumas

All the Committee members have extensive management experience in large international organisations and the Chairman, Elisabeth Airey, is an investment banker and former finance director of Monument Oil and Gas plc.

The Committee meets at least four times each year. The Chairman of the Company, Chief Executive, Group Finance Director, Head of Global Risk and Assurance (who leads the internal audit function) and other members of the senior management team (as invited by the Committee), together with the external auditors, usually attend meetings. The minutes of each meeting are circulated to the Board. Both the Head of Global Risk and Assurance and the external auditors have direct access to, and meet regularly with, the Chairman of the Committee outside formal Committee meetings.

The Committee maintains a formal calendar of items for consideration at each meeting and within the annual audit cycle to ensure that its work is in line with the requirements of the Code.

The main responsibilities of the Committee are to:

- monitor the integrity of the annual and half-year financial statements and any formal announcements relating to the Company's financial performance, paying particular attention to significant reporting judgements contained therein, including critical accounting policies and practices;
- review the Group's internal financial controls and its internal control and risk management systems;

- review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- make recommendations for submission to shareholders for their approval in general meeting in relation to the appointment, reappointment and removal of the external auditors and to approve their remuneration and terms of engagement;
- monitor and review the effectiveness of the internal audit function;
- develop and implement a policy on the engagement of the external auditors to supply non-audit services; and
- review arrangements by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or other matters.

During the year and up to the date of this annual report, the Audit Committee discharged its responsibilities as set out in its terms of reference by undertaking the following work:

- meeting prior to the Board meetings at which the annual report and financial statements, the half-year report and interim management statements were approved. In doing so, the Committee reviewed significant accounting policies, financial reporting issues and judgements and reports from the external auditors;
- reviewing the effectiveness of the external audit process, the external auditors' strategy and plan for the audit, and the qualifications, expertise, resources and independence of the external auditors;
- agreeing the terms of engagement and fee of the external auditors for the audit and recommending to the Board that PricewaterhouseCoopers LLP be proposed to shareholders at the AGM for reappointment as external auditors to the Company;
- reviewing the policy on auditor independence and the basis of the provision of non-audit services by the external auditors;
- meeting with representatives of the external auditors in the USA (while on a scheduled site visit);
- receiving and considering regular reports from the Head of Global Risk and Assurance on the Group's risk management system, findings from reviews of internal financial controls, and the remit, organisation, annual plan and resources of the internal audit function;
- undertaking a review of the effectiveness of the internal audit function. The review in 2009 was generally positive but some improvements to processes and practices were identified and are being implemented;

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- reviewing the Committee's terms of reference and its effectiveness, and recommending changes to the Board as a result of this review. The review in 2009 concluded that no substantive amendments to the terms of reference were required and that the Committee had fulfilled its role and responsibilities appropriately;
- reviewing the annual report disclosure items relevant to the Committee, including the going concern statement and the reports on risk management and internal control;
- reviewing the potential impact on the Group's financial statements of significant corporate governance and accounting matters;
- reviewing the findings of the external auditors, their management letters on accounting procedures and internal financial controls and audit representation letters;
- meeting separately with the Chief Executive, Group Finance Director, external auditors and the Head of Global Risk and Assurance in order to understand any concerns relevant to the Audit Committee that they might have;
- reviewing procedures under which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or other matters; and
- reviewing an annual report on the Group's systems of internal control and its effectiveness, and reporting the results of the review to the Board.

The Committee operates a policy to safeguard the objectivity and independence of the external auditors. This policy sets out certain disclosure requirements by the external auditors to the Committee; restrictions on the employment of the external auditors' former employees; partner rotation; and procedures for the approval of non-audit services by the external auditors. During the year, the Committee reviewed the processes that PricewaterhouseCoopers LLP have in place to safeguard their independence and received a letter from them confirming that, in their opinion, they remained independent.

The procedure for the provision of non-audit related services by the external auditors is governed by a schedule appended to the policy on auditor independence which states the services that the external auditors are not permitted to provide and those that the external auditors may provide, together with the appropriate approvals processes.

Each time it meets, the Committee receives a report setting out the non-audit services provided by the external auditors during the year and the fees charged.

Details of the amounts paid to the external auditors are given in Note 7 of the financial statements. Having undertaken a review of the non-audit related services provided during the year, the Committee is satisfied that these services did not prejudice the external auditors' independence.

Risk management

The Board of Directors has overall responsibility for the Group's system of internal control and risk management. The schedule of matters reserved to the Board ensures that the directors control, among other matters, all significant strategic, financial and organisational issues.

The Group's enterprise-wide risk management and reporting process helps Group management to identify, assess and mitigate risk. The process involves the identification and prioritisation of key risks through an ongoing programme of workshops, facilitated by the risk management function, held around the Group. The risks identified cascade up through functional and divisional levels to the Group Executive Committee. This culminates in the identification of the Group's key business, financial, operational and compliance risks with associated action plans and controls to mitigate them where possible (and to the extent deemed appropriate taking account of costs and benefits).

As part of this process, senior executive management confirms to the Audit Committee once a year that these key risks are being managed appropriately within their operations, and that controls have been examined and are effective. Responsibility for managing each key risk and the associated mitigating controls is allocated to an individual executive within each division. Changes in the status of the key risks and changes to the risk matrix are reported regularly to executive management and to the Board.

During the year ended 31 March 2009, the risk assessment process was reviewed and changes were made to the process across the Group. The enhanced process broadly follows the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Framework. The COSO framework provides a process to manage the risk of failure to achieve business objectives and assurance against material loss or misstatement. A series of risk assessments were carried out which culminated in a workshop with the Group Executive Committee at which the specific Group risks and the key risks from each business area were considered. The output, a Group Risk Assessment, was subsequently reviewed by the Board.

Internal control

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board delegates to executive management the responsibility for designing, operating and monitoring both the system and the maintenance of effective internal control in each of the Group's businesses. These systems of internal control are designed to manage rather than eliminate risk, and can provide only reasonable and not absolute assurance against material errors, losses, fraud or breaches of laws or regulations.

All the material joint ventures that the Group is party to currently follow the Group's formal systems of internal control, and their internal control procedures are regularly reviewed by the internal audit function. The systems of internal control are based on a process of identifying, evaluating and managing risks and include the risk management processes set out above. These accord with the guidance in the Turnbull Report and were in place throughout the year and up to the date of the signing of this annual report. The key risks that might hinder the achievement of the Group's business objectives are managed, controlled and monitored by the following processes:

- the Group's businesses operate under mandatory written policies and procedural manuals to provide an appropriate control environment. These set out the Group's commitment to competence, integrity and ethical values. The policies are reviewed by the Board annually and changes are made as appropriate to enhance existing control procedures;
- key strategic risks are addressed through the Group's process of preparation of plans by each operating unit and the compilation of these risks in the Group's operating plan;
- there is a comprehensive annual planning and financial reporting system comparing results with plan and the previous year on a monthly and cumulative basis. The process of planning, budgeting and making short-term forecasts, which is subject to an ongoing review, should provide early warning of potential financial risks. Revised forecasts for the year are produced at least four times a year;
- the Chief Executive and Group Finance Director undertake regular financial and operational reviews of the major operating units within the Group;

- the Chief Executive and the Group Finance Director submit written reports to each Board meeting, which include consideration of changing threats and opportunities within the business. The standard Board review of investments and disposals includes identification of major risks that could affect the outcome of each project, with a sensitivity analysis;
- the Company has defined procedures for the authorisation and project management of capital expenditure and investment, granting of guarantees, trading and hedging of currencies and commodities and use of treasury products; and
- formal annual reports and presentations are received by the Board on certain areas of special risk. These include insurance, treasury management, commodity trading, pensions, safety and environmental issues.

The Audit Committee periodically reviews the effectiveness of the system of internal control through reports from the external auditors and the internal audit function. The internal audit function follows a planned programme of reviews that are aligned to the risks existing in the Group's businesses. It has the authority to review any relevant aspect of the business.

The Board, with assistance of the Audit Committee, has conducted an annual assessment of the effectiveness of the systems of risk management and internal control during the financial year and up to the date of this annual report. The review, which is co-ordinated by the internal audit function, includes a Group-wide certification that appropriate internal controls are in place to facilitate the Board's review of effectiveness. The internal audit function monitors and selectively checks the results of this exercise, ensuring that the representations made are consistent with the results of the department's work during the year. Where weaknesses have been identified, plans for correcting them are also reported. The results of this exercise are summarised for the Audit Committee and the Board. In the event that any significant losses were to be incurred during the year as a result of the failure of controls, a detailed analysis would be provided to the Audit Committee and the Board. The Board confirms that no significant weaknesses were identified in relation to the review conducted during the year and accordingly no remedial action is required.