

## **TATE & LYLE PLC**

### **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

#### **Constitution**

1. The Audit Committee (“the Committee”) is established by the Board of Directors of Tate & Lyle PLC (“the Company”).

#### **Membership**

2. The members of the Committee shall be appointed by the Board, upon the recommendation of the Nominations Committee, from amongst the Non-Executive Directors who are deemed by the Board to be independent of management. The Committee shall consist of not less than three members, and at least one member shall have recent and relevant financial experience.
3. The Chairman of the Committee shall be appointed by the Board, upon the recommendation of the Nominations Committee, from amongst the members of the Committee.
4. The quorum for any meeting of the Committee shall be any two members.

#### **Attendance at meetings**

5. The Chairman of the Company, the Chief Executive, the Chief Financial Officer, the Vice President, Group Audit and Assurance and the external auditors shall normally attend meetings at the invitation of the Committee. They will not be members of the Committee.
6. Other Board members may attend meetings subject to obtaining prior agreement of the Chairman of the Committee.
7. Other persons may attend meetings or be present for particular agenda items if invited by the Committee.
8. At least once a year, the Committee shall meet separately with each of the external auditors, the Chief Executive, the Chief Financial Officer and the Vice President, Group Audit and Assurance without management present.
9. The Company Secretary shall be the Secretary of the Committee.

## **Frequency of meetings**

10. Meetings shall be held at least four times a year and additionally as requested by the Chairman of the Committee. The Chief Executive, Chief Financial Officer, Vice President, Group Audit and Assurance or the external auditors may request a meeting if they consider that one is necessary.
11. Unless otherwise agreed, notice of each meeting together with an agenda and papers to be considered, shall be circulated to each member of the Committee not fewer than three working days prior to the date of the meeting.

## **Authority**

13. The Committee is authorised by the Board to:
  - (a) investigate any activity within its terms of reference;
  - (b) seek any information it requires from any employee of the Company and require any employee to be questioned at a Committee meeting and all employees are directed to co-operate with any request made by the Committee;
  - (c) obtain outside legal or other independent professional advice and to secure the attendance of advisors with relevant experience and expertise if it considers this necessary, the expenses to be borne by the Company; and
  - (d) have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

## **Responsibilities**

14. The responsibilities of the Committee shall be as follows:

### **External Auditors and Audit**

- (a) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit and the audit process, taking into consideration relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;

- (b) to monitor the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Group compared to the overall fee income of the firm and other related requirements;
- (c) to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor;
- (d) to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- (e) to discuss with the external auditors, before the audit commences, the nature and scope of the audit and to review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- (f) to ensure co-ordination where more than one audit firm is involved in the audit;
- (g) to ensure coordination with the activities of Group Audit and Assurance;
- (h) to review the external auditor's management letter and management's response;
- (i) to review the Company's proposed letter of representation to the auditors and make recommendations to the Board;
- (j) to discuss any material issues arising from the annual audit and half-year review, and any matters the auditor may wish to discuss (in the absence of management where necessary); and
- (k) to 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.

### **Financial Reporting**

- (l) to monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements and any other formal announcements or documents

relating to the Company's financial performance, before submission to the Board, paying particular attention to:

- (i) critical accounting policies and practices, and any changes in them;
- (ii) major judgmental areas, such as provisions and asset impairment, taking into account the views of the external auditor;
- (iii) the methods used to account for significant or unusual or related party transactions in the year and how they are disclosed;
- (iv) the clarity of disclosures and the context in which statements are made;
- (v) all material information presented with the financial statements such as the business review and the corporate governance statement (insofar as it relates to audit and risk management);
- (vi) significant adjustments resulting from the audit;
- (vii) the going concern assumption and to review the Company's statement on going concern prior to endorsement by the Board;
- (viii) compliance with accounting standards; and
- (ix) compliance with rules of the Financial Services Authority and other regulatory and legal requirements.

#### **Internal Control and risk management systems**

- (m) to keep under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems by reviewing at least annually reports made to it by management and Group Audit and Assurance on the Group's system of internal control and its effectiveness, and confirm to the Board that such a review has taken place; and
- (n) to review the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company;

#### **Internal Audit (Group Audit and Assurance)**

- (o) to monitor the effectiveness of Group Audit and Assurance and to review the past and future internal audit programme, ensure co-ordination between the external auditors and Group Audit and Assurance, and ensure that the Group Audit and Assurance function is adequately resourced, has appropriate standing within the Group and has regular direct access to the Audit Committee and its Chairman;
- (p) to approve the appointment or dismissal of the Vice President, Group Audit and Assurance;
- (q) to provide input into the Remuneration Committee regarding the terms, conditions and remuneration of the Vice President, Group Audit and Assurance;
- (r) to review the regular progress reports from the Vice President, Group Audit and Assurance; and
- (s) consider management's response to any major recommendation by Group Audit and Assurance;

### **Other Matters**

- 15. The Committee shall be provided with appropriate and timely training in the form of an induction programme for new members and on an ongoing basis for all members.
- 16. The Committee shall oversee any investigation of activities which are within its terms of reference.

### **Reporting procedures**

- 17. The Minutes of each meeting shall be circulated to all members of the Committee and may, at the discretion of the Chairman of the Committee, be circulated to all members of the Board.
- 18. The Chairman of the Committee shall report to the Board on the work undertaken by the Committee, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
- 19. The Committee shall conduct an annual review of its work and its terms of reference and make any recommendations to the Board. It shall also make its terms of reference publicly available.

20. The Chairman of the Committee shall answer questions on the Committee's activities and responsibilities at the Annual General Meeting.
21. The Committee shall ensure that matters which should be disclosed in the Company's annual report relating to the activities of the Committee are included in the annual report.