TATE & LYLE

Making the everyday extraordinary

ANNUAL REPORT 2019

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COMPANIES HOUSE

Tate & Lyle PLC
Company number 76535

Financial highlights

Year ended 31 March 2019

GROUP STATUTORY RESULTS

Sales[1] (£m)

£2,755m

Profit before tax[1] (£m)

£240m

Diluted earnings per share[1] (pence)

38.6p

Net debt (£m)

£337m

ALTERNATIVE PERFORMANCE MEASURES

Return on capital employed[2] (%)

17.1%

Adjusted profit before tax[1, 2] (£m)

£309m

Adjusted diluted earnings per share[1, 2] (pence)

52.0p

Adjusted free cash flow[2] (£m)

£212m

* Comparatives restated as the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures.

1 Continuing operations only.

2 Adjusted results and a number of other terms and performance measures used in this Annual Report are not directly defined within accounting standards. For clarity, we have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in accordance with IFRS, and the calculations, where relevant, of any ratios, in Notes 1 and 4.

In this report

Tate & Lyle is a global provider of ingredients and solutions for food, beverage and industrial markets.

Inspired by our purpose of Improving Lives for Generations, we work with our customers to make food and drink healthier and tastier. Through our expertise in key categories, we deliver sweetness, texture and fibre enrichment to products enjoyed by millions of people every day.

Read how our teams are putting our strategy into action:

Perfect texture, perfect snack p8

Making the complex simpler p22

Changing formulations, changing lives p66

Let's stick together p114

Thinking like a challenger p182

This Annual Report is also available on www.tateandlyle.com

This is Tate & Lyle

Open any fridge or kitchen cupboard, in any household in practically any part of the world, and you're likely to find products containing our ingredients. Especially if the packet, jar or bottle says 'reduced sugar', 'added fibre', 'low fat', or, of course, 'same great taste'.

We serve customers in more than

120

countries

We processed

1.5m

acres of corn in the US this year

For each of those ingredients, the kitchen shelf is nearly the end of a remarkable journey.

This journey begins when a single kernel of corn – or grain of tapioca, or leaf of stevia – passes through our complex, carefully orchestrated manufacturing processes.

These break the raw materials down into their constituent parts, creating high-quality ingredients with widely different applications each destined for our customers' products.

Scientific, technical and engineering ingenuity – guided always by market insight, local knowledge and deep understanding of our customers – goes into everything we produce.

Category expertise in

beverage, dairy, and soups, sauces and dressings

We employ around

4,100

people worldwide

Whether it's great-tasting, low-calorie sweeteners that take trillions of calories out of the world's diet, gut-friendly fibres that add proven health benefits, nutritive sweeteners that offer a tasty treat at an affordable price, texturants that make the desserts you love smooth and creamy, stabilising solutions that keep every mouthful delicious for weeks, or an industrial starch that makes it possible for online retailers to use recyclable packaging to deliver goods in perfect condition – we make the everyday extraordinary.

Plants, labs and offices in more than

30

countries

Which brings us back to the final, most important stage of the journey to the kitchen shelf: being tasted. For consumers, taste is essential – for most people, it's why they buy a favourite product.

So everything we do, all the new science we are creating with our food ingredients, has great taste at its heart.

Supporting local communities to address

health, hunger and education

These things, taken together, explain how we create value for our shareholders and stakeholders. How we partner with the best customers, suppliers and innovators. How we engage the talents of all our people, and support their safety and wellbeing. And how, every day, we demonstrate our purpose:

Improving Lives for Generations.

In the past three financial years, we paid just under

£400m

in dividends to shareholders

Perfect texture, perfect snack

You may not realise it, but the thickening action of starches in foods and drinks is a highly complex science. For manufacturers, it's about maintaining the delicate mouthfeel, taste and appearance of creamy, crunchy and gel-filled products, throughout fairly harsh processes like heating and freezing.

Our CLARIA® Functional Clean-Label Starches are star performers in that regard. They offer high performance which is perfect for customers who not only want great functionality, but also want to formulate with a 'clean-label' ingredient that consumers demand.

The right solution, fast

Imagine you've just had a workout in the gym, and are looking forward to a tasty, sensory boost from a snack with a fruity filling. But when you bite into it, the filling squirts unbecomingly down your shirt. Such are the challenges of texturant stabilisation.

One of our customers found themselves with this challenge when testing a new snack prototype. So they came to us. We've worked with this customer for many years, providing manufacturing support as well as formulation expertise. They knew we could deliver the right solution, fast. And speed would be crucial, because by that time the plant trial was just 10 days away.

Working in the customer's lab, we broke down the problem into a two-step process. Stabilise the filling to perfect the texture (we found that different fruit fillings required different concentrations of CLARIA®); then ensure the combined product baked as intended. The trial was approved and, soon after, the new snack was in full production.

76%

of consumers say they read ingredient labels when they buy food or drink.

Source: Tate & Lyle proprietary research, 2017

Strategic report
Our business today

Our applications team testing different jam fillings in our kitchens at Hoffman Estates, Illinois, USA

CHAIRMAN'S STATEMENT

Clarity of purpose in a complex world

There is great power in simplicity in a complex and challenging world. Under Nick Hampton's leadership, Tate & Lyle now has a clear purpose – Improving Lives for Generations – expressed in clear language. My strong sense going around our company is that our people are really energised by a purpose which, put simply, is about making healthy food tastier and tasty food healthier. The Board and I are excited by the energy and ambition we see across the business, critical for driving innovation and competitiveness in a fast-changing and dynamic marketplace.

This year's performance is testimony to the hard work and unstinting commitment of our people around the world. My thanks and the Board's, to everyone at Tate & Lyle for delivering another year of progress.

Enhancing the Board's understanding of the business

As a Board, we recognise the importance of good governance but, in my view, the most important contribution any board can make is to support the executive team in developing strategy and implementing it in a focused and responsible way – doing the right things in the right way at all times.

To this end, my colleagues and I spent a lot of time this year getting to understand better the strategic opportunities and challenges across the world for Tate & Lyle. We have, as a matter of policy, reduced the number of site visits we make as a group in favour of visits by individual non-executive directors. Individual visits give Board members more opportunities to spend time in our factories, offices and labs, listening to and talking to our people. This is more powerful than being presented to as a group, and gives us a much better understanding of what teams are really doing on the ground.

Meeting our people and partners in Asia

This year, I spent most of my visiting time understanding our opportunities in the world's fastest-growing markets, specifically in Asia, a key development region for Tate & Lyle. I met with our teams in Shanghai and Singapore, and also visited our new stevia sweetener partner, Sweet Green Fields, in China.

Good momentum

Tate & Lyle delivered solid results in the face of a number of headwinds this year, and we can be proud of this resilience. I'm particularly pleased with the momentum we're seeing in our global Food & Beverage Solutions business. The investments we've been making over the last few years to build a broader geographical presence, new systems and processes, and new technical and sales capabilities are now coming through in our financial results.

Primary Products had a more challenging year as it faced significant industry cost increases but, thanks to our team's ingenuity and flexibility, still delivered volume in line with the prior year. I'm also very pleased that the fundamental importance of our Primary Products business to the future of Tate & Lyle is now clearer to all our stakeholders. Together, our two businesses enable Tate & Lyle to offer the choices consumers want for a balanced lifestyle.

Strengthening the leadership team and the Board

The Board is very pleased with the progress made in refreshing and strengthening the executive team this year. This included the appointment of Imran Nawaz as Chief Financial Officer. Imran joined Tate & Lyle and the Board on 1 August 2018, and has already made a strong contribution, leading our drive to deliver US$100 million in productivity benefits over four years.

Under Nick's leadership, and with Imran and our other key executive appointments this year, I'm convinced we have the right management team for the next phase of Tate & Lyle's development. Through embodying our three strategic priorities to Sharpen, Accelerate and Simplify our Group, the team is already driving a real sense of pace and ambition across the business.

We have also strengthened the Board, with the appointment of Warren Tucker on 19 November 2018 and Kimberly Nelson, who will join us on 1 July 2019, as non-executive directors. Warren brings a broad range of financial, industrial and technology-based business experience, while Kimberly has substantial experience in the food and beverage industry.

Final dividend

20.8p

The Board is recommending a final dividend of 20.8p per share bringing the total dividend for the year ended 31 March 2019 to 29.4p, an increase of 2.4%.

> I'm excited by the energy and ambition I am seeing across the business.
>
> **GERRY MURPHY**, CHAIRMAN

I'd like to thank my fellow Board members for their commitment to and support of Tate & Lyle over the last year. In particular, I'd like to pay tribute to Douglas Hurt, who steps down at this year's annual general meeting. On behalf of the entire Board, I'd like to thank him for his tremendous service over the last nine years as a non-executive director and most recently as Chair of our Audit Committee and Senior Independent Director.

An evolving global environment

We continue to face an evolving and challenging geopolitical landscape. With just under 2% of our sales in the UK, the departure of the UK from the EU will have only a modest impact on our business, and we have plans in place for different Brexit scenarios to ensure we can continue to serve our customers across Europe.

Given our large US manufacturing base, it's critical to have competitive access to global markets. With that in mind, we were pleased that the US, Mexico and Canada announced an agreement in principle to replace the existing North American Free Trade Agreement (NAFTA). We are also continuing to monitor closely the ongoing trade talks between the US and China.

Bright future

Overall, Tate & Lyle is in a good position. We have a robust balance sheet, a strong leadership team, and a portfolio of ingredients well placed to benefit from growing global consumer demand for tastier and healthier foods and drinks. The framework for success is all there, and I look forward to working with the Board in the coming year to support Nick and the executive team in delivering another year of good progress. ■

Gerry Murphy
Chairman

CHIEF EXECUTIVE'S REVIEW AND STRATEGY

A bright future

NICK HAMPTON, CHIEF EXECUTIVE

I start my second year as Chief Executive proud of our achievements this year and with an even greater sense of excitement about the opportunities that lie ahead for Tate & Lyle. I am encouraged by our progress over the past year. As well as delivering against our financial targets, we made good progress on our key priorities, our operational performance was excellent, and we continued to invest for future growth. My thanks to all my colleagues for their hard work in delivering these results and, most of all, for their commitment to our purpose – Improving Lives for Generations.

A purpose-driven approach to meet changing consumer needs

Today's consumers have a much better understanding of the link between diet and health, which is shown by the food and drink they buy. Consumers are looking for healthier products that are lower in sugar, calories and fat, and higher in fibre. At the same time, governments are looking to change consumer behaviour, in part due to rising healthcare costs from increasing levels of obesity and diabetes, and this is placing a greater focus on regulation, such as sugar taxes, and healthier lifestyle programmes. But overconsumption isn't everyone's experience – there are many people in the world today, notably in our key markets, who struggle to put food on the table, and need affordable food and nutrition. Our customers are coming under pressure to address many of these issues and grow their businesses at the same time.

This is where Tate & Lyle comes in – we deliver ingredients and solutions to meet all these needs. Our speciality sweeteners and fibres help reduce sugar and calories. Our fibres enrich food and improve digestive health. Our texturants and stabilising systems help make food manufacturing easier and extend shelf-life. Our bulk sweeteners deliver great tasting products at an affordable cost. And our industrial starches give strength to the packaging used to deliver online goods to millions of homes every day.

What really drives us is why we do what we do. Our purpose – Improving Lives for Generations. Part of my role as Chief Executive is to give our people the support and opportunity to live our purpose, and as I look around at my colleagues, I see the deep pride they have for what they do. And when I meet our customers, it is clear our purpose resonates with them too. I passionately believe that, through it, we can successfully grow our business and make a positive impact on society.

An integrated business delivering solid results

We delivered good operational and solid financial performance during the year, despite facing significant external cost pressures. Tate & Lyle is one integrated business made up of two trading divisions, both with distinct roles to play. Food & Beverage Solutions is focused on delivering growth, with Primary Products focused on delivering cash and steady earnings. They share a cost-efficient asset base, many common customers, and we manage them together to optimise returns for shareholders. This approach served us well during the year.

Although market conditions were challenging, adjusted profit before tax and adjusted diluted earnings per share were 4% higher, and return on capital employed was 90 basis points higher at 17.1%. Cash generation was also good, supporting a strong balance sheet and enabling us to increase the full-year dividend by 2.4% to 29.4 pence. More detail about the results of our two divisions and the Group can be found on pages 32 to 39.

Our performance was all the more creditable because the external environment was far more challenging than we expected at the start of the year. We had to absorb around £25 million of higher costs than expected in areas such as transport and materials in North America. However, our productivity programme and strong cost discipline offset these higher costs.

This wasn't the only challenge we faced. In the winter, our US plant network experienced extremely cold weather, resulting from a polar vortex. Despite this, our Global Operations team kept our plants running and our customers served – no easy task in such severe conditions.

KEY HIGHLIGHTS

- Group delivered solid financial progress
  - Food & Beverage Solutions maintained momentum
  - Sucralose performed strongly
  - Primary Products volume in line with prior year despite challenging market conditions
- Progress on each of 'Sharpen, Accelerate, Simplify' priorities
- Four-year US$100m productivity programme on track, with benefits offsetting cost inflation
- Strengthened balance sheet provides flexibility to invest in long-term growth

Adjusted profit before tax

+4%

in constant currency

Adjusted diluted earnings per share

+4%

in constant currency

Food & Beverage Solutions sales

+5%

in constant currency

We also had to navigate a challenging geopolitical landscape. The negotiation of a new trilateral trade agreement between the US, Mexico and Canada, the imposition of trade tariffs by the US and China, and to a lesser extent, the UK's negotiations to leave the EU, all had an impact on some of the markets we operate in. This uncertainty is likely to continue in the year ahead.

Sharpen, Accelerate, Simplify – a year on

This time last year, I announced three key priorities to accelerate business performance: sharpen the focus on our customers; accelerate portfolio development; and simplify the business and drive productivity. We made good progress against each priority during the year, and I'm really pleased with the way they are being embraced across Tate & Lyle.

Sharpen the focus on our customers

This is about moving from being a valued ingredient supplier to a growth partner for our customers. To achieve this, both divisions need strong relationships at all levels of our customers' organisations. This is why, during the year, we significantly increased the number of interactions with our customers at Chief Executive, R&D, and Sales and Marketing levels. Through these meetings, I'm seeing first-hand a deepening in our relationships with many of our key customers, and they tell me they're experiencing a positive change in the way we are working together. A good example is our work with our customer, Tung Lok, to reduce sugar in their products as part of the Singapore government's 'war on diabetes'. You can read about this in more detail on page 66.

Accelerate portfolio development

This is about accelerating new product development, building more external partnerships to speed up innovation, and making selective acquisitions and joint ventures in line with our strategy. A great example of fast innovation this year was the launch of our TASTEVA® M Stevia Sweetener. By working in partnership with an enzyme company, Codexis, we were able to cut development time by a year, as described on page 182. Stevia is a key part of our sweetener platform and during the year we also acquired a 15% shareholding in Sweet Green Fields, a leading stevia player.

CHIEF EXECUTIVE'S REVIEW AND STRATEGY (continued)

"We made good progress against our 'Sharpen, Accelerate, Simplify' priorities during the year, and I'm really pleased with the way they are being embraced across the business.

Simplify the business and drive productivity
This is about making our company simpler and easier to work in – streamlining our organisation, simplifying processes, and creating a culture of continuous improvement in which we are productive, sensible about costs and avoid waste. This will increase productivity, reduce costs, and make us more agile and quicker at making decisions – all of which means more time to focus on our customers. As part of this priority, we are targeting US$100 million of productivity benefits over a four-year period. Thanks to strong cost discipline, the continuous improvement programme in our plants, and actions to simplify our systems and processes, we are on track to deliver our four-year productivity programme.

We also simplified our portfolio during the year, disposing of our oats ingredients business which no longer fits well with the mainstream food categories on which we focus.

Injecting ambition and pace

When setting out these priorities, I also stated my aim to build a dynamic culture based on partnership, agility and execution. In doing this, I wanted to challenge our people to focus more on our customers, be more entrepreneurial, and move faster in delivering on our commitments. I wanted our people to have more pace and ambition – whether dealing with a customer, delivering innovation, or simply working with a colleague. I'm pleased to say that, one year on, I'm seeing some real change across the business, with people beginning to get things done with greater pace and agility. We intend to drive even greater ambition and we need to keep up the pace in the year ahead.

Working in a sustainable way

This year also marked the first year of our new multi-year environment, health and safety (EHS) programme, Journey to EHS Excellence. Although in its early stages, it's clear from my travels around the Group that this programme is having a very positive impact on our EHS culture. The more rigorous reporting systems and the open environment we have fostered around EHS have meant that more concerns and accidents are being logged than in previous years. This has contributed to a worsening of our safety statistics in the 2018 calendar year. However, as the new programme starts to take hold, we expect performance to improve, as we've seen in the first few months of the 2019 calendar year.

Ensuring we have a sustainable and transparent supply chain is increasingly important for us and our customers. In November, we formed a partnership with US conservation organisation Land O'Lakes SUSTAIN™, to improve farming practices among Midwest farmers, and specifically in sourcing sustainable corn. Then, in February, we announced a research project with international environmental organisation Earthwatch, to assess the sustainability of our stevia supply chain in China.

Outlook

For the year ending 31 March 2020, we expect continuing progress in Food & Beverage Solutions and gains from productivity initiatives to offset both lower Sucralose profits and continued market challenges in Primary Products. As a result we expect earnings per share growth in constant currency to be broadly flat to low-single digit.

Looking ahead to the new financial year from a position of strength

At the start of the year, I set out a clear focus and direction for the business – to execute our strategy through three key priorities and to build an organisation with a strong sense of purpose and a dynamic culture. I am pleased that we've made good progress in all these areas and that we're entering the new financial year in a strong position. Our focus is to build on this momentum in the year ahead.

I'm delighted that, during the year, Imran Nawaz joined us as Chief Financial Officer, Lindsay Beardsell as Executive VP, General Counsel and Laura Hagan as Chief Human Resources Officer. Together with the existing members of the Executive Committee, we now have a strong and diverse leadership team with the experience, energy and ambition to unlock our growth potential.

This strong leadership, allied with the expertise and commitment of our people, the power of our purpose, and a portfolio of products aligned to growing global demand for healthier and tastier food and drink, gives me real confidence that we have a bright future ahead. ■

Nick Hampton
Chief Executive

Investment case

WE HAVE A **CLEAR STRATEGY** FOR OUR BUSINESSES...

FOOD & BEVERAGE SOLUTIONS

TOP AND BOTTOM LINE GROWTH

By building leading positions in:

- Three categories globally – beverage, dairy, and soups, sauces and dressings
- Two or three additional categories in each region where we have local expertise

SUCRALOSE

MANAGE FOR CASH; HIGH RETURN ON ASSETS

PRIMARY PRODUCTS

STABLE EARNINGS AND CASH GENERATION

By managing its portfolio to:

- Optimise product and category mix
- Drive operational efficiency
- Diversify into new and growing end-markets

...DRIVEN BY **THREE PRIORITIES** TO ACCELERATE PERFORMANCE

SHARPEN THE FOCUS ON OUR CUSTOMERS

ACCELERATE PORTFOLIO DEVELOPMENT

SIMPLIFY THE BUSINESS AND DRIVE PRODUCTIVITY

...TO DELIVER **RETURNS FOR SHAREHOLDERS**

EARNINGS PER SHARE[1] – ACCELERATE GROWTH

ORGANIC RETURN ON CAPITAL EMPLOYED[2] – IMPROVE RETURNS

DIVIDEND – MAINTAIN PROGRESSIVE DIVIDEND POLICY

1 Adjusted diluted earnings per share from continuing operations in constant currency.
2 In constant currency.

OUR MARKETS

Global trends driving our markets...

The food and beverage market has inherent strengths – people need to eat and drink – and in the world today, there are a number of systemic global trends which are shaping our industry and creating opportunities for our business.

81%

of food and beverage purchases are driven by taste[1]

Changing diets and ways of life

Factors like rapid population growth, urbanisation and the use of technology are driving major changes in people's diets and lifestyles. The growth of middle-class consumers, especially in emerging markets, is also causing a long-term shift towards greater convenience and time-saving products. People are buying more pre-prepared, packaged foods, spending less time in the kitchen, and increasingly looking for nutritious food on the go. At the same time, consumers are demanding greater transparency and authenticity from their food, and more natural ingredients. Online shopping is increasingly popular, driving demand for sturdy packaging, while environmental concerns mean that this packaging needs to be recyclable.

Concerns about climate change and the health of the planet are being matched by concerns about our own health and what we eat. In today's more urbanised world, people are leading more sedentary and less active ways of life. People are generally eating too much and moving too little, and these progressively unbalanced lifestyles are affecting their health. The incidence of diseases like obesity and diabetes, and concerns about digestive health, are increasing rapidly.

1 *International Food Information Council, 2018.*

And yet, while obesity is now responsible for more deaths worldwide than hunger, one in nine people in the world struggle to find enough nutritious food to eat every day. Healthcare costs are rising too, placing health services in many countries under increased pressure. Overconsumption of sugar is seen as a major concern resulting in a number of countries, including the UK, implementing taxes, for example, on soft drinks. What is clear is that, no matter where you look, societies and governments are facing significant food- and health-related challenges.

Promoting balanced lifestyles

For food companies like Tate & Lyle, these global trends present both challenges and opportunities. Driven by our purpose of Improving Lives for Generations, we're working in partnership with our customers to create ingredients and solutions to give people healthier and tastier choices when they eat and drink, and to help them lead more balanced lifestyles. Whether it's health and wellness ingredients for a new generation of popular brands, or nutritive sweeteners at an affordable price, our goal is not just to feed people, but to feed them well.

30%

estimated increase in global population by 2050[1]

2.8bn

people in middle-class globally in 2015; forecast to grow to 5.3 billion by 2030[2]

70m

children projected to be overweight or obese globally by 2025[3]

114m

estimated number of adults with diabetes in China in 2017[4]

40m

people in the US struggle to put food on the table every day[5]

35

national governments, states and cities have introduced a 'sugar tax'[6]

10%

of the UK's National Health Service budget is spent on treating diabetes or complications from diabetes[7]

1.79bn

online buyers globally in 2018 had boxes delivered to their home or offices[8]

1 United Nations.
2 Brookings; United Nations; World Bank.
3 World Health Organization.
4 International Diabetes Federation.
5 Feeding America.
6 World Health Organization; Statista Beverages Daily; *et al* as at the end of 2018 calendar year.
7 Diabetes UK.
8 Statista.

OUR MARKETS (continued)

...and our response

Food & Beverage Solutions

Food & Beverage Solutions (which includes Sucralose) provides ingredients and solutions which add specific functionality, nutrition and health benefits to our customers' products.

Key trends within our markets

Healthy living
People of all ages are actively seeking healthier food and drink, whether this means prebiotic fibres to support a healthy gut, more calcium for strong bones, or fewer calories to manage weight.

Sugar reduction
With obesity and diabetes on the rise, people want lower-sugar, lower-calorie, lower-fat, higher-fibre foods. Many of our customers are setting sugar reduction targets, both to meet this demand and in light of increasing government regulation.

Clean label
People want to understand the ingredients on food and drink labels. They want to know where their food comes from, and are increasingly choosing products they feel are less processed, or they think are simpler or 'more natural'.

Convenience and healthy snacking
Convenience is often seen as coming at the expense of nutrition – but it doesn't have to. People want fast, on-the-go food and drink that's nutritious, healthy and tastes good.

Plant power
Consumers across the world are increasingly interested in plant-based diets and many are eating less meat and fewer dairy products as part of either a vegan or 'flexitarian' diet.

Global speciality food ingredients market

size[1]

US$49bn

growth[1]

4%

Sugar reduction and fibre

growth[2]

23%

global product launches with low or no, or reduced sugar claims and fibre ingredients

Clean label

growth[2]

13%

product launches in Asia Pacific with clean label claims

Delivering solutions

We work in partnership with our customers to develop new products, and reformulate existing ones, to make food and drink healthier but still taste great. It sounds simple, but it's far more complicated than just swapping one ingredient for another. Taste, texture, mouthfeel, shelf-life, stability – all these things have to be taken into account when reformulating food and drink. Taste is inherently local, which means that food and beverages also need to be adapted to different regions and countries. Our portfolio of sweeteners, starches and fibres, combined with our technical expertise in key categories, helps us deliver solutions for customers in their local markets.

Sugar and calorie reduction
Our understanding of sweeteners, built over many years, has given us a unique expertise in sugar and calorie reduction. Our sweeteners and fibres help reduce sugar and calories without compromising the taste and texture consumers know and want.

Fibre enrichment
Our portfolio of fibres offers a range of nutritional and functional benefits, alongside exceptional digestive tolerance.

Texture
Our starches add body, lengthen shelf-life and replace fat while preserving the texture and mouthfeel people want.

Stabilisation
With our deep knowledge of ingredients and complex food systems, we create customised stabiliser systems (highly functional ingredient blends) that ensure products maintain their stability and appetising texture throughout their shelf-life.

1 Euromonitor; IHS; Grandview; GMI; Bain analysis; Company analysis, 2017. Estimated growth by value; CAGR calendar years 2017 to 2022.
2 Mintel GNPD, CAGR April 2016 to March 2019.

SOME OF OUR INGREDIENTS

DOLCIA PRIMA®
Allulose
Rare sugar providing great taste and mouthfeel without all the calories of sugar.

PROMITOR®
Soluble Fibre
Fibre enrichment solution with excellent digestive tolerance.

CLARIA®
Clean-Label Starches
Enable label-friendly products without compromising their quality.

TASTEVA® M
Stevia Sweetener
Great-tasting natural, zero-calorie stevia sweetener with no bitter aftertaste.

Primary Products

Primary Products provides high-volume, largely undifferentiated products to customers in the food and beverage, and paper and packaging industries, primarily in North America. We also manufacture acidulants in the US and Latin America and sell co-products as animal feed to customers globally. The two main markets we operate in, bulk sweeteners and industrial starches, are large but mature and have high barriers to entry. In these markets, we compete primarily on quality, service and price.

Key market drivers

Capacity utilisation in the US corn wet milling industry
The balance between demand (orders from customers in the market) and supply (the capacity available to serve the market) is a key driver of profitability in the US corn wet milling industry.

Corn market
The US corn wet milling industry processes around 9% of the US corn crop. Recent harvests have been strong, with corn inventory high and prices relatively low and stable. Corn is largely a pass-through cost.

Regular carbonated soft drinks
The main end-market for our bulk sweeteners is regular carbonated soft drinks in the US. Demand in this market has been declining modestly over recent years, although this has been largely offset by exports to Mexico and higher demand for corn syrup.

Packaging for online sales
The majority of industrial starch produced in North America is used in the paper and packaging industry. While demand for writing paper is declining, demand for packaging is growing, driven by increasing online shopping.

Primary Products profits

>90%

from the North American market

Primary Products sales

48%

from bulk sweeteners in the year ended 31 March 2019

Delivering value

Drive productivity and efficiency
The more efficient our plants, the lower our costs of production. We have four large corn wet mills in the US, two smaller plants in Europe, and acidulants plants in the US and Brazil. For the best returns, they need to operate at, or close to, capacity. We have global and local programmes which ensure a relentless focus on safety, productivity and efficiency at every plant.

Optimise customer and product mix
With tight margins on our products, small changes can make a difference to the performance of our business. We look very closely at what we sell, to whom, and into which markets, moving production where we can from declining to growing product lines, and targeting new and growing markets.

Secure corn supply
Corn is our largest raw material, and a secure supply is essential. We invest in our corn elevator storage network and our relationships with the farmers who supply us, and manage inventory carefully.

Reducing exposure to volatile commodity markets
Every part of the corn kernel has some commercial value, but the selling price of commodities such as corn oil and corn meal is set by the market and can vary widely. We use a range of measures to manage our exposure as best we can, from tolling contracts which pass the raw material costs on to customers, to using forward contracts to lock corn prices into the future.

SOME OF OUR PRODUCTS

High fructose corn syrup
Sweetener used in carbonated soft drinks, beverages and a range of foods.

Industrial starches
Enhance performance, such as thickness and texture of paper and packaging, and used in building supplies.

Acidulants
Enhance flavour and preserve foods, beverages and pharmaceuticals; also used as a cleaning agent in detergents.

Commodities
Corn-based co-products providing an excellent source of protein for pets, farm animals and fish.

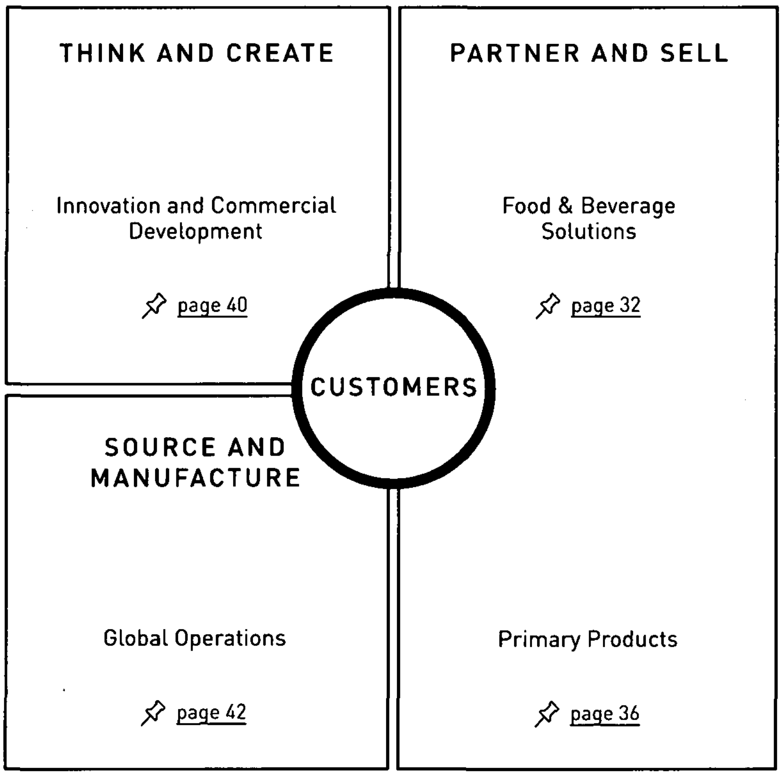
OUR BUSINESS MODEL

How we create value

Our resources

- **Scientific and technical know-how**
- **Large-scale manufacturing operations**
- **Talented people**
- **Strong balance sheet and disciplined capital allocation**
- **Long-term relationships with stakeholders**

What we do



OUR PRIORITIES

- Sharpen
- Accelerate
- Simplify

OUR VALUES

- Safety
- Integrity
- Respect

OUR BEHAVIOURS

- Partnership
- Agility
- Execution

Our purpose, Improving Lives for Generations, inspires everything we do. Whether by making food healthier and tastier; helping to make everyday tasks easier; promoting a safe working environment; or making a difference to our local communities, we believe we can successfully grow our business and have a positive impact on society.

OUR CUSTOMERS

We serve customers, large and small, in more than 120 countries worldwide. We are moving from being an ingredient supplier to a growth partner for our customers.

THINK AND CREATE

Innovation and Commercial Development

Our scientists and nutritionists research, develop and test ingredients to create solutions for our customers. We work closely with them through every stage of our innovation process to move ideas quickly from concept to commercial launch. Consumer preferences are different across the world, which is why our customers come to our local applications labs to work with us to reformulate their products, using our solutions, for their local markets.

SOURCE AND MANUFACTURE

Global Operations

Our ingredients come largely from agricultural crops, principally corn. We produce them mainly at large-volume corn wet mills shared by both divisions, and also at smaller blending facilities. Wherever we are in the process, from field to customer, our priorities are safety, quality and consideration for the environment.

PARTNER AND SELL

Food & Beverage Solutions

We have strong technical knowledge of the interplay between sweetness, texture, fibre enrichment and stabilisation. Through this, we provide customers across the world with solutions which bring specific functionality and nutrition to their products, making them healthier and tastier.

Primary Products

We sell high-volume, largely undifferentiated ingredients into the food and beverage, and paper and packaging industries, mainly in North America. Leveraging our scale and cost-competitive manufacturing base, we compete mainly on price, quality and service.

The value we create

SHAREHOLDERS

We balance investing in growth with paying an attractive dividend.

c£400m

dividends paid in the past three financial years

CUSTOMERS

We help our customers bring products to market quickly that address society's changing needs.

29%

growth in global sales customer pipeline[1,2]

EMPLOYEES

We are committed to the health, safety and wellbeing of our 4,100 employees, and to providing a culture that is both inclusive and performance-driven.

£334m

total paid to employees[2]

COMMUNITIES

We have a long history of community involvement, helping to make a lasting contribution to the places where we live and work.

300,000

meals given to those in need across the world[2]

SUPPLIERS

Corn is our largest input, and we have long-term, mutually beneficial relationships with farmers and other supplier partners.

1.5m

total acreage of US corn purchased[2]

ENVIRONMENT

Throughout our operations we look to minimise our environmental impact by reducing emissions and waste, and using water sustainably.

20.4%

reduction in CO_2e emissions since 2008

1 Food & Beverage Solutions only.
2 Year ended 31 March 2019.

Making the complex simpler

Continuous improvement

Our manufacturing capability, supply chain, and the systems supporting them, are the beating heart of our business – which is why we must run them safely, efficiently and productively. To this end, we use methodologies such as Continuous Improvement, and also have rigorous programmes to manage our environmental impact, for health and safety, and for plant maintenance and reliability. These give us the framework and tools we need to capture, share and implement best practice – and mean that engineering and problem-solving expertise is ingrained in our teams.

So when we talk about concepts like productivity, what we're really talking about is people. Empowering, supporting and enhancing their expertise is the ultimate aim of everything we do in our operations.

Take the technician at our Sagamore, Indiana, US corn wet mill. Concerned about the downtime, difficulty and expense of repairing the automated arm on a starch-packing line, he designed a better one. His supervisors backed him from business case to blueprint; and now a prototype is keeping the line running smoothly.

Or the member of the pump-servicing team at our Lafayette, Indiana, US plant. Inspired by the continuous improvement principle of poka-yoke (avoiding mistakes), he took the simple but effective step of colour-coding spare pumps, so colleagues can instantly see what they're for and where they should be reinstalled.

Or there's the team who took on the task of reconfiguring our computer system, to make it easier to maintain complex machinery, and further the growth of a reliability culture in our plants.

These are just some examples of the countless initiatives across the business that are transforming our operations worldwide, and making sure that best practice becomes standard practice.

Strategic report (continued)

Reviewing our year

Engineers carrying out investigative maintenance at our Decatur, Illinois, US plant

KEY PERFORMANCE INDICATORS

How we track progress

DELIVERING OUR STRATEGY

Food & Beverage Solutions volume

3% increase

How we calculate it
As reported, excluding Sucralose, continuing operations only.

Why we measure it
To ensure we are successful in growing the business.

Comments
Volume grew at 3% reflecting continuing momentum, driven by 3% growth in North America and 15% growth in Asia Pacific and Latin America. In Europe, Middle East and Africa volume was 2% lower.

Food & Beverage Solutions sales

5%[2] increase

How we calculate it
As reported, excluding Sucralose, continuing operations only.

Why we measure it
To ensure we are successfully converting our investments into increasing sales.

Comments
Sales grew by 5% in constant currency, with growth of 2% in North America, 13% growth in Asia Pacific and Latin America, and 4% in Europe, Middle East and Africa.

Group adjusted profit before tax[1]

4%[2] increase

How we calculate it
As reported, continuing operations only.

Why we measure it
To ensure that we make good investment decisions and execute our strategy successfully.

Comments
Profit before tax increased by 4% in constant currency as a result of higher adjusted operating profit, higher share of profits from joint ventures and lower net finance costs.

Adjusted diluted earnings per share[1]

4%[2] increase

How we calculate it
As reported, continuing operations only.

Why we measure it
To track the underlying performance of the business and ensure sales growth translates into increased earnings.

Comments
As outlined above, adjusted profit before tax increased by 4% in constant currency. In addition, the effective tax rate in the year was 50bps lower in the year at 21.0%.

Return on capital employed[1]

+90bps increase

How we calculate it
The return as a percentage of our adjusted profits from continuing operations divided by invested capital.

Why we measure it
To ensure we continue to generate a strong rate of return on the assets we employ, and have a disciplined approach to capital investment.

Comments
Higher, mainly as a result of increased earnings, driven by profit growth in Food & Beverage Solutions and Sucralose.

Adjusted free cash flow[1]

£16m increase

How we calculate it
As reported, continuing operations only.

Why we measure it
To track how efficient we are in turning profit into cash and to ensure that working capital is managed effectively.

Comments
Higher, reflecting increased earnings and a strong cash focus in the business. Capital expenditure was held in line with the prior year.

MAINTAINING FINANCIAL FLEXIBILITY

Net debt to EBITDA multiple[1]

0.1x decrease

How we calculate it
The number of times our net borrowing exceeds our earnings.

Interest cover[1]

2.2x increase

How we calculate it
The number of times our earnings exceed interest payments made to service our debt.

Why we measure it
To ensure that we have the appropriate level of financial gearing and that we generate sufficient profits to service our debt. These measures are a key focus for providers of both debt and equity capital.

Comments
The net debt to EBITDA ratio strengthened to 0.8 times, reflecting the increased strength of the balance sheet, and provides flexibility and capacity to invest in long-term growth.

ACTING SAFELY[5]

Recordable incident rate

0.18 increase

How we calculate it
The number of injuries requiring treatment beyond first aid per 200,000 hours.

Lost-work case rate

0.06 increase

How we calculate it
The number of injuries that resulted in lost-work days per 200,000 hours.

Why we measure it
Ensuring safe and healthy conditions at all our locations is essential for our success.

Comments
This year, our recordable incident rate worsened by 24% and our lost-work case rate by 32%. We believe the implementation of our new reporting systems, and the resulting increase in incident reporting and information, was a contributing factor to the worsening of our safety results in the 2018 calendar year. Over the longer term, our more rigorous approach to reporting will give us a better understanding of safety risks, which should help us to reduce both the frequency and severity of incidents.

We focus on a number of financial and non-financial performance measures to ensure we deliver our strategy, we have the financial flexibility to grow our business, and we are protecting our people at work.

CHANGES TO KPIs IN 2019

We have changed our Key Performance Indicators (KPIs) this year to include additional key indicators of value creation, and align with the metrics we use to manage the business. Under the changes, we have added Group adjusted operating profit before tax (which is also a bonus metric), and volume growth in Food & Beverage Solutions and adjusted diluted earnings per share (both of which are performance metrics used for our long-term employee incentive schemes).

1 Adjusted results and a number of other terms and performance measures used in this Annual Report are not defined within accounting standards. For clarity, we have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in accordance with IFRS, and the calculations, where relevant, of any ratios, in Notes 1 and 4.
2 Growth in constant currency.
3 Comparatives have been restated to include net retirement benefit interest and associated tax.
4 Comparatives have been restated in line with the new calculation methodology. See Note 4.
5 Measured by calendar year.

CHIEF FINANCIAL OFFICER'S INTRODUCTION

A solid financial performance

"We delivered a solid set of results in the face of significant external cost pressure. People across the business did what they said they would do, which means we're entering the new financial year in a sound financial position."

IMRAN NAWAZ, CHIEF FINANCIAL OFFICER

Imran reflects on key aspects of our results this year, and the delivery of our productivity programme.

Q. What's the story behind the results?

A. Food & Beverage Solutions delivered good volume growth, thanks to growing global demand for our ingredients and solutions which help to reduce sugar, calories and fat, and add fibre. It's been a more challenging year for Primary Products, which had to balance a softer market for our bulk sweeteners in North America, a weaker year of Commodities profits, and higher costs than we expected at the start of the year in areas such as transport and materials in North America.

Overall, we've succeeded in delivering solid results. Group adjusted profit before tax of £309 million was 4% higher in constant currency, reflecting a solid performance by both divisions, good cost discipline, lower finance costs and good performance by our joint ventures. These factors combined to help offset the impact of higher input costs in North America and lower profits from Commodities.

Adjusted diluted earnings per share were 4% higher in constant currency at 52.0 pence.

We delivered strong cash flow – adjusted free cash flow was higher, driving down net debt to £337 million. We're in a sound financial position and enter the new financial year in good shape.

"

I'm proud that our purpose translates into financial results – it's a good basis for success.

Q. How is the US$100 million productivity programme going?

A. We launched it at the start of the 2019 financial year, targeting benefits of US$100 million over four years, and I'm pleased with our progress so far. We are on track to reach our target.

We expect around 60% of the productivity benefits to come from our manufacturing operations and supply chain, and around 40% from general overheads where we're implementing zero-based budgeting (ZBB). From my experience, the ZBB process leads to a cultural change in the way money is spent, and I'm already starting to see a positive cultural shift in how our business spends money. True productivity is about finding ways of operating more efficiently and spending only what's needed, while investing the benefits in growth – and I believe our people understand that.

Q. How important is Tate & Lyle's purpose in delivering results?

A. Our purpose really translates into financial results. Growth is coming from helping our customers improve consumers' lives by making food healthier. For example, if we reduce the sugar content of a major global brand by, say, 30%, that can have a ripple effect across the millions of people who buy it. And within Tate & Lyle, I've seen for myself how people are making our purpose their own. It's why they are committed to Tate & Lyle and want to do their best work. And when people are doing their best work, they deliver results.

Q. What are your priorities for the coming year?

A. Simply put – meeting our targets. The role of finance is a bit like a board: we're here to support the business and drive strategic growth, while safeguarding our assets by holding people to account through reporting, audit and compliance. Together, these enable us to meet our promises.

More specifically, we need to ensure we're getting a good return on the investments we are making to grow our business. Our return on capital employed of 17.1% is a key strength of the business, and we must continue to build on it. We also need to ensure we deliver the second year of benefits from our productivity programme – the second year is always harder than the first. I expect the external cost environment will remain challenging in the coming year, and so continuing to drive productivity and maintain tight cost discipline will be very important.

Q. How do you see the long-term potential at Tate & Lyle?

A. I joined Tate & Lyle in August 2018 because I believed it had great potential. After just under a year in the business, I'm more convinced than ever of the opportunities ahead. We have two businesses with strong value propositions and a healthy financial position giving us the flexibility to invest for long-term growth.

What makes this possible is our people. They are dedicated, hard-working and very good at what they do. I'm particularly fascinated by the science of our ingredients – our scientists are achieving things that are very hard to replicate. This really differentiates Tate & Lyle and gives us the ability to create long-term, sustainable value for shareholders and stakeholders alike. ■

2019 RESULTS

Adjusted profit before tax

+4%

in constant currency

Adjusted diluted earnings per share

+4%

in constant currency

Adjusted free cash flow

£212m

Return on capital employed

+90bps

increase to 17.1%

GROUP FINANCIAL REVIEW

Summary of financial results for the year ended 31 March 2019 (audited)

Year ended 31 March[1] Continuing operations unless stated otherwise	2019 £m	Restated* 2018 £m	Change %	Constant currency change %
Sales	**2 755**	2 710	2%	2%
Adjusted operating profit				
– Food & Beverage Solutions	**143**	137	5%	3%
– Sucralose	**61**	55	10%	11%
– Primary Products	**148**	166	(11%)	(11%)
– Central	**(47)**	(58)		
Adjusted operating profit	**305**	300	2%	1%
Net finance expense	**(26)**	(32)		
Share of profit after tax of joint ventures and associates	**30**	28	7%	9%
Adjusted profit before tax	**309**	296	4%	4%
Exceptional (loss)/gain	**(58)**	2		
Amortisation of acquired intangible assets	**(11)**	(12)		
Profit before tax	**240**	286		
Income tax expense	**(59)**	(23)		
Profit for the year – continuing operations	**181**	263		
Profit for the year – discontinued operations	**–**	2		
Profit for the year – total operations	**181**	265		
Earnings per share – continuing operations (pence)				
Basic	**39.2p**	57.0p	(31%)	
Diluted	**38.6p**	56.1p	(31%)	
Adjusted earnings per share – continuing operations (pence)				
Basic	**52.8p**	50.3p	5%	4%
Diluted	**52.0p**	49.4p	5%	4%
Cash flow and net debt				
Adjusted free cash flow	**212**	196		
Net debt – At 31 March	**337**	392		

* Comparatives restated as the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures. Refer to Note 1.

1 Adjusted results and a number of other terms and performance measures used in this Annual Report are not directly defined within accounting standards. We have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in accordance with IFRS, and the calculations, where relevant, of any ratios, in Notes 1 and 4.

Sales from continuing operations of £2,755 million were 2% higher than the prior year (2% higher at constant currency).

On a statutory basis, profit before tax from continuing operations decreased by £46 million to £240 million driven predominantly by a net exceptional charge of £58 million (2018 – gain of £2 million). Statutory diluted earnings per share from continuing operations decreased by 17.5p to 38.6p due to higher exceptional charges and an increased statutory effective tax rate of 24.4% (2018 – 8.1%).

Adjusted profit before tax from continuing operations at £309 million was £13 million higher than the prior year (4% in constant currency). Adjusted diluted earnings per share from continuing operations increased by 2.6p to 52.0p (4% in constant currency) reflecting higher adjusted profit before tax.

Central costs

Central costs, which include head office costs, treasury and legal activities, were £11 million lower at £47 million, reflecting cost discipline and lower insurance costs.

Net finance expense

Net finance expense from continuing operations was £6 million lower compared to the prior year at £26 million, driven by lower net retirement benefit interest expense following the prior year decision to accelerate funding of the main US pension schemes, and increased finance income from cash deposits.

Share of profit after tax of joint ventures and associates

The Group's share of profit after tax of joint ventures and associates of £30 million was 9% higher in constant currency reflecting stronger operating performance at DuPont Tate & Lyle Bio Products (Bio-PDO™) which also benefited from lower US tax rates.

Exceptional items from continuing operations

In the year ended 31 March 2019, the Group recognised a net exceptional charge of £58 million, and a net exceptional cash inflow of £12 million. Exceptional items arose from actions to focus the portfolio and simplify the business and comprised:

- £43 million charge on disposal of the oats ingredients business after a strategic review (£3 million cash inflow).
- £13 million restructuring charge as part of the simplification programme (£6 million cash outflow).
- £14 million net gain from the sale and leaseback of railcars (£16 million cash inflow).
- £16 million provision for asset remediation following the Group-wide safety review (£1 million cash outflow).

During the year ended 31 March 2018, the Group recognised a net exceptional gain of £2 million.

More details on the exceptional items can be found in Note 8.

Taxation

The adjusted effective tax rate on earnings for continuing operations for the year ended 31 March 2019 decreased to 21.0% (2018 – 21.5%) primarily reflecting favourable tax settlements. The reported effective tax rate (on statutory earnings) was 24.4% (2018 – 8.1%), the increase reflecting net exceptional costs recognised during the year, the majority of which were not tax deductible. In the year ended 31 March 2018, the Group's effective tax rate of 8.1% reflected the recognition of significant exceptional deferred tax credits recorded in that year.

The recognition and measurement of deferred tax assets and liabilities is dependent on a number of key judgements, estimates and assumptions. Changes in assumptions, along with future changes in legislation, could have a material impact on the amount of tax recognised in future accounting periods.

We estimate that the adjusted effective tax rate for the 2020 fiscal year will be in the range of 21.5% to 23.5%.

Earnings per share

Adjusted basic earnings per share from continuing operations increased by 5% (4% in constant currency) to 52.8p and adjusted diluted earnings per share from continuing operations at 52.0p were also 5% higher (4% in constant currency). Statutory diluted earnings per share from continuing operations decreased by 17.5p or 31% to 38.6p reflecting higher exceptional charges and an increased statutory effective tax rate.

Dividend

The Board is recommending a 0.5p or 2.5% increase in the final dividend to 20.8p (2018 – 20.3p) per share. This increased final dividend makes a full-year dividend of 29.4p (2018 – 28.7p) per share, up 2.4% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 31 July 2019 to all shareholders on the Register of Members on 21 June 2019. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

GROUP FINANCIAL REVIEW (continued)

Cash flow and net debt

	Year ended 31 March[1] 2019 £m	2018 £m
Adjusted operating profit from continuing operations	**305**	300
Adjusted for:		
Non-cash items in adjusted operating profit and working capital	**143**	121
Net retirement benefit obligations	**(25)**	(94)
Less: accelerated US defined benefit schemes contribution (exceptional cash flows)	**-**	56
Capital expenditure	**(130)**	(131)
Net interest and tax paid	**(81)**	(36)
Less: cash tax benefit on accelerated contribution (exceptional cash flows)	**-**	(20)
Adjusted free cash flow	**212**	196

	At 31 March 2019 £m	2018 £m
Net debt	**337**	392

1 Adjusted results and a number of other terms and performance measures used in this Annual Report are not directly defined within accounting standards. We have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in accordance with IFRS, and the calculations, where relevant, of any ratios, in Notes 1 and 4.

Adjusted free cash flow (representing cash generated from continuing operations after net interest paid, income tax paid, and capital expenditure, and excluding the impact of exceptional items) was £212 million, £16 million higher than the prior year.

Capital expenditure of £130 million, which included a £27 million investment in intangible assets, was 0.9 times the depreciation and adjusted amortisation charge of £141 million and reflects continued investment in capacity as well as safety, efficiency and sustaining investments.

Other significant cash flows in arriving at net debt included: £21 million of dividends received from joint ventures; external dividend payments of £134 million; £8 million payment related to satisfying share option commitments, net cash inflows relating to exceptional items of £12 million; and £29 million investments in equity interests and non-controlling interests.

Overall, net debt at 31 March 2019 of £337 million was £55 million lower than at 31 March 2018. Net debt decreased by £76 million in the year (2018 – decrease of £25 million) before the adverse impact of exchange rates. Foreign currency translation, mainly due to the stronger US dollar, increased net debt by £21 million.

Adoption of new IFRS leasing standard

IFRS 16 Leases was adopted on 1 April 2019 using the 'modified retrospective' adoption methodology, meaning that comparative financial information will not be restated. Adoption of the standard will have no business impact, but will change some key performance measures including a reduction in diluted earnings per share. As a result, adjusted diluted earnings per share growth in fiscal 2020 is expected to reduce by circa one percentage point.

Retirement benefits

The Group maintains pension plans for our employees in a number of countries. Some of these arrangements are defined benefit pension schemes and, although we have closed the main UK scheme and the US salaried and hourly paid schemes to future accrual, certain obligations remain. In the US, we also provide post-retirement medical benefits.

The Group's retirement benefits moved into an overall net surplus in the 2018 financial year, primarily as a result of an exceptional funding payment into the US scheme. The net surplus increased by £6 million to £24 million as at 31 March 2019.

Under funding arrangements in connection with the 2016 actuarial valuation, the Group committed to make core funding contributions for the main UK scheme of £12 million per year and supplementary contributions of £6 million per year until 31 March 2023 into a secured funding account, payable to the Trustee on certain triggering events or as mutually agreed between the Company and Trustee. In the year ended 31 March 2019, cash flows in respect of post-retirement benefit obligations of £29 million included core funding contributions of £12 million, the supplementary contribution of £6 million as well as payments to the US plan and US retirement medical plan of £4 million and £3 million respectively.

The next triennial valuation for the UK main scheme is due as at 31 March 2019 and is expected to be concluded in calendar 2020.

Financial risk factors

Our key financial risk factors are market risks, such as foreign exchange, transaction and translation exposures, and credit and liquidity risks, as explained in Note 27.

Off balance sheet arrangements

In the ordinary course of business, to manage our operations and financing, we enter into certain performance guarantees and commitments for capital and other expenditure. We aim to optimise financing costs in respect of all financing transactions. Where it is economically beneficial, we choose to lease rather than purchase assets. Leases for property, plant and equipment where the lessee does not assume substantially all the risks and rewards of ownership are treated as operating leases, with annual rentals charged to the income statement over the term of the lease.

Commitments under operating leases to pay rentals in future years totalled £308 million (2018 – £274 million) and related primarily to railcar leases in the US and our commitment for a gas pipeline to supply our Loudon facility. Rental charges for the year ended 31 March 2019 in respect of continuing operations were £37 million (2018 – £35 million).

Use and fair value of financial instruments

In the normal course of business we use both derivative and non-derivative financial instruments. The fair value of Group net debt at the year end was £347 million against a book value of £337 million (2018 – fair value £398 million, book value £392 million). Derivative financial instruments used to manage the interest rate and currency of borrowings had a fair value of £25 million liability (2018 – £12 million liability). The main types of instrument used are interest rate swaps and cross-currency interest rate swaps.

The Group employs commodity pricing contracts, principally futures, to hedge cash flow risk associated with forecast purchases which are designated as cash flow hedges. The fair value of these hedging instruments at 31 March 2019 is £1 million liability (2018 – £2 million liability). When managing currency exposure, we use spot and forward purchases and sales, and options. The fair value of other derivative financial instruments not in a hedging relationship was a £27 million asset (2018 – £13 million asset).

Going concern

The Directors are satisfied that the Group has adequate resources to continue to operate for a period not less than 12 months from the date of approval of the financial statements and that there are no material uncertainties around their assessment. Accordingly, the Directors continue to adopt the going concern basis of accounting.

Basis of preparation

The Group's principal accounting policies are unchanged compared with the year ended 31 March 2018. Two new accounting standards have been adopted during the year, although they have had no material effect on the Group's financial statements. Refer to Note 35 for further details.

Details of the basis of preparation, including information in respect of the Group's alternative performance measures, can be found in Note 1. Growth percentages are calculated on unrounded numbers.

Impact of changes in exchange rates

The Group's reported financial performance at average rates of exchange for the year ended 31 March 2019 was favourably impacted by currency translation. The average and closing US dollar and euro exchange rates used to translate reported results were as follows:

	Average rates		Closing rates	
Year ended 31 March	**2019**	2018	**2019**	2018
US dollar:sterling	**1.31**	1.33	**1.30**	1.40
Euro:sterling	**1.13**	1.13	**1.16**	1.14

For the year ended 31 March 2019, net foreign exchange translation increased Food & Beverage Solutions adjusted operating profit by £3 million, decreased Sucralose adjusted operating profit by £1 million and had no net impact on Primary Products adjusted operating profit, with adjusted profit before tax for the Group increasing in total by £2 million. The sensitivity of the Group's results to changes in US dollar currency translation rates for the year ending 31 March 2020 is expected to be around £2.2 million for the annual impact of a one cent change on adjusted profit before tax.

FOOD & BEVERAGE SOLUTIONS

Good top-line momentum

"Food & Beverage Solutions is on an exciting journey. We participate in attractive and growing markets and work closely with our customers to solve some very real problems the world is facing around diet and health."

JOAN BRACA, PRESIDENT, FOOD & BEVERAGE SOLUTIONS

PARTNER AND SELL

WHAT WE DO

- We're experts in sweetness, texture, fibre enrichment and stabilisation.
- We have deep expertise globally in beverages, dairy, and soups, sauces and dressings, and regionally in categories such as bakery and snacks.
- We work with global and local food and beverage manufacturers to give their products specific functional and nutritional benefits.

SOME OF OUR INGREDIENTS

- Speciality sweeteners, eg, KRYSTAR® Crystalline Fructose and DOLCIA PRIMA® Allulose
- High-intensity sweeteners, eg, SPLENDA® Sucralose and TASTEVA® M Stevia Sweetener
- Texturants, eg, REZISTA® Starches and CLARIA® Functional Clean-Label Starches
- Fibres, eg, PROMITOR® Soluble Fibre and STA-LITE® Polydextrose
- Stabilising blends, eg, HAMULSION® Stabiliser System

Joan Braca talks about the industry, the year's results and key priorities for Food & Beverage Solutions.

Q. Why is your business well positioned in today's market?

A. We have two key capabilities in particular that are right on trend. First, based on our strong sweetening heritage, we are experts in providing sweetener solutions. For our customers, this means we can take sugar and calories out of food and drink while still keeping the great taste consumers want. Second, our ability to stabilise food. In a world where the global population is expected to grow by about a third by 2050[1], the ability to stabilise food and allow it to travel over long distances and time is a very important skill.

Q. Can you say a bit more about the sugar reduction opportunity?

A. It sounds incredible but most people today live in countries where more people die from being overweight than underweight. There's definitely a greater urgency around sugar and calorie reduction, with governments turning to taxes, labelling schemes and other levers to deal with it. If I think about our sales today, at least a third come from replacing sugar and putting nutritious ingredients back in, like fibre. And, if we look at our pipeline, it's between a third to a half of future projects. Replacing sugar is not only about replacing sweetness – sugar has many other properties, including stabilisation, adding bulk, and providing texture and mouthfeel. It's a complex issue that requires complex science, which is where our technical expertise and portfolio of sweeteners, texturants and fibres come into play. Being a leader at taking sugar out of food and drink is a key reason we're a great partner for our customers.

> I'm excited to see the investments we've made in the past few years starting to come through in our results.

Q. What's behind the results this year?

A. It's thanks to the team and their efforts across the board – strong execution and discipline, and a real focus on our customers. We're also starting to see the benefits of our investments over the past few years in new processes, tools and capabilities in customer-facing areas such as sales, applications and technical services. Take sales as an example. Our new customer management pipeline tool, Salesforce.com, has helped free up our sales team's time to do more with customers. As a result, we have increased by nearly 40% the number of discussions we're having with customers each month about growing our business with them.

Q. How are you sharpening your focus on your customers?

A. This year, we completed our move to a category model, meaning we have organised ourselves to match how our customers are organised. We now have a dairy team, a beverage team and so on, just like our customers. It means we're talking with them in the same language. We're also taking steps to broaden our interactions at executive, R&D and commercial levels. All this means our customers are starting to see us as their innovation and growth partner.

We're also increasingly acting as thought leaders, helping to shape the industry through our understanding of categories and the solutions we can offer to help address dietary issues. Our work in Singapore, where the government asked us to be a key partner in their 'war on diabetes', alongside a customer, is a great example (see page 66). And we want to do more.

Q. What role does purpose play for your team?

A. Our aim to tackle societal issues through our ingredients and solutions reflects our purpose: Improving Lives for Generations. This is very inspiring for our people. They're incredibly dedicated – they believe in what we're doing and come to work fired up to make change happen. That's an incredible strength for the business – our people are truly our greatest asset, and their belief in what we do is our fuel.

Q. What are your priorities for the coming year?

A. We've had some good top-line momentum this year and we want to build on that. We must continue our laser focus on serving customers, build our category expertise and increase new product sales further. And we need to accelerate our position as thought leaders in nutrition, which paves the way for developing more strategic partnerships with our customers and other stakeholders. Finally, our simplify priority is really important. Our people love what we do, but it's not always easy to get things done. We need to accelerate simplification because it creates opportunities to invest further, serve our customers more effectively, and to make our people's lives better. And after all, it's our people who make the business run. ■

1 United Nations 2015.

FOOD & BEVERAGE SOLUTIONS (continued)

Year ended 31 March Continuing operations	2019 Volume change
Volume	
North America	**3%**
Asia Pacific and Latin America	**15%**
Europe, Middle East and Africa	**(2%)**
Total	**3%**

Year ended 31 March Continuing operations	2019 £m	2018 £m	Change %	Constant currency change %
Sales				
North America	**430**	416	3%	2%
Asia Pacific and Latin America	**201**	184	9%	13%
Europe, Middle East and Africa	**258**	250	3%	4%
Total	**889**	850	5%	5%
Adjusted operating profit	**143**	137	5%	3%

Sucralose

Year ended 31 March Continuing operations	2019 £m	2018 £m	Change %	Constant currency change %
Volume			16%	
Sales	**164**	146	12%	13%
Adjusted operating profit	**61**	55	10%	11%

Overview of results

Volume was 3% higher while sales at £889 million increased by 5% in constant currency. Adjusted operating profit was 3% higher in constant currency with the benefit of higher volume partially offset by the absorption of growth investments in emerging markets in fiscal 2018, and higher input costs. Productivity benefits partially offset increased input costs. The effect of currency translation was to decrease sales by £3 million, but increase adjusted operating profit by £3 million.

In March 2019, we completed the sale of our oats ingredients business as it no longer fits well with the mainstream food categories on which we focus. An exceptional charge of £43 million was recognised in relation to this sale.

North America

We saw continued top-line momentum with volume up 3%. Growth was delivered despite the overall US food and beverage market being largely flat.

We continue to pursue our long-term strategy of driving growth in three main areas:

(1) Winning new business in targeted higher-growth sub-categories across dairy, beverage, bakery and health and nutrition, where our technical depth, expertise and solutions are providing increasing value to our customers;

(2) Developing our business in customer channels growing faster than the overall market, such as food service and own label; and

(3) Gaining share in larger food and beverage customers by partnering with them to drive productivity, helping them grow in faster-growing sub-categories and reformulating to provide healthier alternatives.

Higher volume was driven by progress across a range of categories, notably in beverages and dairy, bakery and nutrition, and by gaining share in our larger customers. Sales at £430 million grew by 2% in constant currency.

Asia Pacific and Latin America

Volume was 15% higher, with double-digit growth in both regions. Sales increased by 13% in constant currency to £201 million.

In Asia Pacific, we grew volume in all sub-regions, with growth in dairy in China, and double-digit volume growth in beverages and soups, sauces and dressings mainly in South East Asia.

In Latin America, we saw strong growth in Mexico in beverages, and in the Southern Cone in soups, sauces and dressings and in bakery. Volume was lower in Brazil reflecting weaker macroeconomic conditions.

Europe, Middle East and Africa

Volume decreased by 2%, while sales at £258 million increased by 4% in constant currency as we exited some lower margin texturant business to improve mix.

The capacity expansion of high-grade maltodextrin (used in categories such as baby food) at our facility in Slovakia is progressing well, and is expected to come on line in the second half of the 2019 calendar year.

New Products

Sales of New Products increased by 2% in constant currency to £95 million. Three ingredients were removed from New Products during the year since they were launched more than seven years ago; had those ingredients been included in New Products, sales growth in constant currency would have been 42%.

Consumers are increasingly seeking foods and beverages with reduced sugar and our PROMITOR® Soluble Fibre saw increased use in formulating sugar out, with strong growth in beverages and confectionery, and as a fibre enrichment solution in bakery. We saw good growth from our stevia sweetener portfolio, mainly in beverages, while non-GM texturants and clean label starches from our CLARIA® line of functional starches also grew strongly.

In April 2019, the US Food and Drug Administration published draft guidance exempting allulose from the 'Sugars' and 'Added Sugars' line of the Nutrition Facts Panel in the US. This decision clears the way for food and beverage manufacturers in the US to incorporate allulose in their products to deliver calorie and sugar reduction.

Sucralose

Strong results

Sucralose volume increased 16% benefiting from a programme to improve production efficiency at our facility in McIntosh, Alabama, USA and the optimisation of inventory levels. Sales were 13% higher in constant currency at £164 million following softer pricing driven by surplus industry capacity. Higher volume, higher North American input costs and a £3 million one-off gain from a supply contract, combined to deliver 11% higher adjusted operating profit in constant currency, at £61 million.

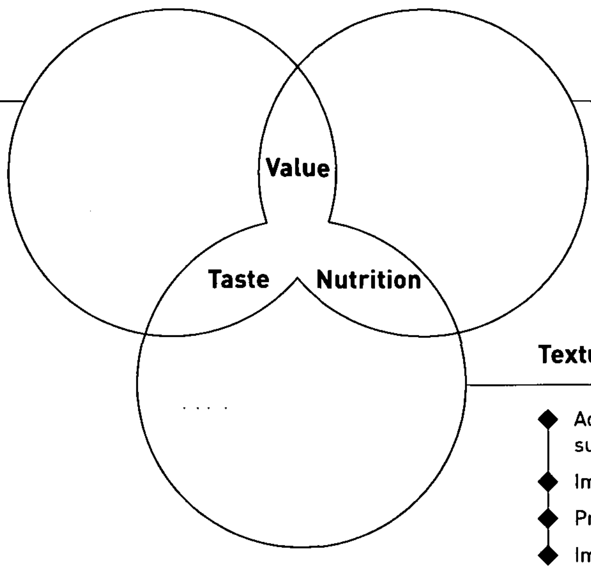
While overall market demand for sucralose continues to grow, market prices are expected to continue to moderate reflecting increases in industry supply from Chinese manufacturers.

The effect of currency translation was to reduce sales by £1 million, and adjusted operating profit by £1 million. ■

OUR PORTFOLIO IS WELL PLACED TO PROVIDE SOLUTIONS FOR OUR CUSTOMERS TO MEET GLOBAL CONSUMER TRENDS

Sweeteners

- Replace sugars
- Reduce calories
- Match sweetness
- Optimise product bulk and mouthfeel



Health and wellness

- Replace sugar to reduce calories while maintaining taste
- Add nutrition through fibre enrichment

Texturants

- Add body and mouthfeel when sugars, fat or gluten are taken out
- Improve shelf-life
- Provide stability
- Improve sensory appeal

PRIMARY PRODUCTS

Operating in a challenging environment

"I'm pleased with the agility and tenacity of the team in adjusting quickly to a more challenging external environment."

JIM STUTELBERG, PRESIDENT, PRIMARY PRODUCTS

PARTNER AND SELL

WHAT WE DO

- We sell high-volume, largely undifferentiated products for the food and beverage, and paper and packaging industries, mainly in North America.
- We are supported by a large-scale, cost-competitive asset base.

EXAMPLES OF OUR INGREDIENTS

- Nutritive sweeteners, eg, high fructose corn syrup and dextrose
- Industrial starches for packaging and as industrial adhesives
- Acidulants, eg, citric acid, malic acid and fumaric acid
- Commodities, eg, corn gluten feed and meal, and corn oil

Jim Stutelberg shares his thoughts on Primary Products' performance, and priorities for the year ahead.

Q. How do you generate returns?

A. We need to be very good at the basics – price management, product mix management, cost control and customer service – supported, of course, by our Global Operations colleagues managing our end-to-end supply chain for safety and maximum efficiency. With such large volumes, even a small margin improvement can have a big impact on profitability. This helps us deliver steady earnings and cash flows, while balancing our exposure to commodities.

A key strength is our close, long-term relationships with our big customers who see us as a strategic supply partner. We must be really attuned to our customers' needs in everything we do, for example simplifying our processes to make sure we're the easiest supplier to do business with. On a day-to-day basis, we must be focused on our customers and efficient in all that we do.

Q. What about the results this year?

A. I'm pleased with the way we managed the business this year, with earnings in our main business excluding Commodities only slightly lower, despite greater challenges than we expected, namely significant cost inflation in areas such as transport and materials in North America.

Q. How are you evolving your business?

A. The markets for our two largest product lines, bulk sweeteners and industrial starches, are large and stable *but are both in gradual long-term, structural decline.*

> Having a culture in which people see themselves as innovators in service of our customers is very important.

So to maximise performance in the short term, we manage our portfolio by optimising product and customer mix, and by driving operational efficiencies through our continuous improvement programme. But there is also plenty of opportunity for long-term value creation in our core businesses. Here, success is about identifying new and profitable end markets for our ingredients, whether that's new customers or new uses.

We're being very intentional in moving volume away from declining markets into growing categories for sweeteners, like craft beer and fermentation applications. Likewise, in industrial starches, we're moving away from the declining market for writing paper, into packaging and labelling, which is seeing solid growth as more people shop online. In addition, through our Bio-PDO™ joint venture with DuPont, we are providing customers with renewably sourced ingredients used in a wide range of growing end markets including clothing and cosmetics. We're really championing an innovative mindset in everything we do.

Q. How can a large-volume business be innovative?

A. It's true that innovation is associated in people's minds with new ingredients, but having an innovation mindset is also essential for our long-term success – it's something we spend a lot of time thinking about as a team. Whether it's how we work together, how we use our plant network, our processes, and our product portfolio – having a culture in which people see themselves as innovators in the service of our customers, and in delivering steady earnings, is very important.

A good example this year is an idea that came from our sweeteners team. They found that by changing how we make one of our more profitable products, we could also debottleneck the production line of two other products, allowing us to improve the mix of our business and increase overall profits. The important thing about this example is that it was about everyone understanding the goal – salespeople, engineers, customer services – and working together across functions to find new ways of achieving it.

Q. What does purpose mean to your team?

A. I see a genuine emotional connection with our purpose of Improving Lives for Generations. From adding great taste to beverages, to making paper smoother, to helping cardboard boxes stay sealed, our sweeteners, starches and acidulants help make the lives of millions of people easier and more enjoyable every day. We have been doing that for over 100 years and it makes us proud. In Primary Products, our people also identify heavily with colleagues in our plants, and the farmers who supply our corn. We come from those communities, and so, whether it's by sourcing sustainably farmed acreage or supporting local schools, the overall contribution we make to their lives really matters.

Q. What are your priorities for the coming year?

A. In many ways, more of the same – but with even more energy! It's been really pleasing this year to see the agility and tenacity of the team in adjusting quickly in a more challenging external environment, and I'm confident we can continue to do that. ■

PRIMARY PRODUCTS (continued)

Year ended 31 March Continuing operations	2019 Volume change
Volume	
North American Sweeteners	**0%**
North American Industrial Starches	**(2%)**
Total Primary Products	**0%**

Year ended 31 March Continuing operations	2019 £m	2018 £m	Change %	Constant currency change %
Sales	**1 702**	1 714	(1%)	(1%)
Adjusted operating profit				
Sweeteners and Starches	**126**	134	(6%)	(5%)
Commodities	**22**	32	(30%)	(33%)
Total Primary Products	**148**	166	(11%)	(11%)

Overview of results

Overall volume was in line with the prior year. Adjusted operating profit of £148 million decreased by £18 million. Adjusted operating profit in Sweeteners and Starches was 5% lower than the prior year in constant currency reflecting the adverse impact of materials and transport cost inflation in North America. Mix management, cost discipline and productivity gains partially mitigated this inflationary pressure, while production at our plant network stood up well to the extreme cold weather conditions in the US in early 2019. The year also benefited from a £4 million insurance recovery. Commodities profit reduced by £10 million to £22 million following exceptionally strong profits in the 2018 financial year. The effect of currency translation was to increase sales by £6 million, with no material impact on adjusted operating profit.

Sweeteners

Volume was in line with the prior year as increased demand from our Bio-PDO™ joint venture and firm exports to Mexico offset weaker demand for bulk sweeteners in the US. This was driven by lower demand for carbonated soft drinks in the US, which weakened during the year, reflecting higher pricing and lower promotional intensity within that category. Bulk sweetener unit margins for the 2018 calendar year had been contracted at levels broadly in line with the previous year. As a result, margins during the 2019 financial year were impacted by higher input costs.

The 2019 calendar year bulk sweetener pricing round delivered unit margins broadly in line with the previous year.

Using the whole corn kernel

We use every part of the corn kernel, ensuring that nothing is wasted. Corn is broken down into 58% corn starch (used to make food and industrial ingredients); 22% corn gluten feed (made from the hull and fibre and used in cattle feed); 4% corn gluten meal (extracted from the endosperm and used in aquaculture feed and pet food); 3% corn oil (made from the germ and used by the food industry); and the remaining 13% is water.

Industrial Starches

Volume was 2% lower as we managed mix by reallocating grind to optimise returns from our corn wet milling assets. In the overall industrial starch market, growth in demand for tissue and packaging, fuelled by increased online shopping, has offset a decline in printing and writing paper.

Commodities

Commodities delivered a profit of £22 million, £10 million lower than the prior year, following an exceptionally strong performance in fiscal 2018. Weaker prices for soy, a competitive animal nutrition source, reduced opportunities for the Group's co-products in the year. Returns on corn oil were also lower. US ethanol cash margins weakened and remain at the low end of the historical range with industry inventories high.

The geopolitical trade environment

On 30 September 2018, the United States, Mexico and Canada announced they had reached agreement in principle on a new trilateral trade agreement to replace the North American Free Trade Agreement (or NAFTA) called The United States-Mexico-Canada Agreement (USMCA).
This represented an important step forward, particularly as Mexico is a key export market for the corn wet milling industry, notably for high fructose corn syrup.
Each of the three countries is now in the process of ratifying USMCA through their constitutional channels.

Trade discussions between the United States and China are ongoing and, like other US exporters into China, we continue to monitor progress closely. ■

Our grain elevator in Wapella, Illinois, USA

INNOVATION AND COMMERCIAL DEVELOPMENT

A portfolio of opportunities

"Changing consumer demand means our customers are facing a number of challenges: reduce sugar and calories; increase the nutritional content of products; clean label; great taste – and all at a lower cost. They're looking for innovation partners and solution providers, which is where we come in."

ANDREW TAYLOR, PRESIDENT, INNOVATION AND COMMERCIAL DEVELOPMENT

THINK AND CREATE

SIX AREAS WORKING TOGETHER AS ONE TEAM

- Research and development
- Platform strategy
- Nutrition science
- Regulatory
- Open innovation
- Process technologies

New product sales[1]

£95m

Innovation pipeline[1]

24%

increase in expected value of innovation pipeline

1 Year ended 31 March 2019.

Andrew Taylor gives an overview of Innovation and Commercial Development (ICD), its priorities and opportunities for growth.

Q. Is ICD's role to invent new ingredients?

A. Partly, yes – but we're more than just a traditional R&D department. ICD brings scientific and commercial functions into one team to provide an integrated approach. This helps us launch great products faster. We don't just invent 'new to the world' products, like our CLARIA® Functional Clean-Label Starches and DOLCIA PRIMA® Allulose, but also develop extensions to existing product lines. During the year, we rebalanced our portfolio more towards line extensions as these tend to have faster financial returns. Overall, we have a portfolio of many opportunities that together deliver growth.

Q. How do you work with Food & Beverage Solutions to serve customers?

A. We do it together. We have direct relationships, scientist to scientist, with our customers' R&D teams, as part of an overall approach led by Food & Beverage Solutions. Between us, we tailor our capabilities and solutions to serve the customer. One new thing we've introduced this year, which is helping us work smarter and faster with customers, is to have an ICD person on all our major customer account teams. We're also developing more projects in partnership with customers as this speeds up the innovation process and improves customer adoption.

Q. What is the biggest challenge customers are facing?
A. There are many, but sugar reduction is probably number one. That is why our deep expertise of how food ingredients work across the food matrix is so valuable to our customers. We help improve the nutritional profile of their products by using innovative ingredients, such as dietary fibres and natural or low-calorie sweeteners, without compromising the taste, texture and mouthfeel that consumers want.

Q. Speed to market is important for customers. How are you addressing that?
A. Speed is as much a priority for Tate & Lyle as it is for our customers. One way we are accelerating is by building external partnerships. For example, this year we launched our new TASTEVA® M Stevia Sweetener product 12 months earlier than we could have done on our own by partnering with enzyme specialist, Codexis (see story on page 182). We see partnerships in innovation playing an increasing role in our future. That's why, during the year, we expanded our open innovation efforts (developing relationships with universities, research institutions and start-ups) by forming a new partnership with several incubators while also establishing our own relationships.

Patents granted this year

84

at 31 March 2019

Patents in issue

356

at 31 March 2019

Patents pending

290

at 31 March 2019

Q. How do you support Primary Products and Global Operations?
A. As Tate & Lyle's focus for growth is Food & Beverage Solutions, we naturally spend most of our time on projects for that business. But we support Primary Products too in targeted areas. We also work closely with Global Operations, since developing new ingredients is as much about the engineering as it is about the science. We are also increasingly helping with projects targeted at cost reduction in partnership with Global Operations.

Q. What's the focus for the year ahead?
A. Continue to drive joint-product development with customers, expand and diversify our portfolio, build more external partnerships and alliances, and accelerate pace to reduce the time from idea to market. But what really inspires us in thinking about the future is our purpose – how we can Improve Lives for Generations by using science to help give people healthier and tastier choices when they eat and drink. That's what drives us, every day. ■

"We have a member of ICD on every major customer account team."

GLOBAL OPERATIONS

Productivity and excellence in everything we do

"To serve our business and deliver excellence to our customers, Global Operations must run like a well-oiled machine."

MELISSA LAW, PRESIDENT, GLOBAL OPERATIONS

SOURCE AND MANUFACTURE

WHAT WE DO

- We make and deliver high-quality ingredients to our customers around the world.
- We run our plants and manage the global supply chain to ensure our ingredients reach our customers on time and to the right specification.

- Raw material sourcing
- Manufacturing
- Quality
- Procurement
- Logistics
- Customer service
- Continuous improvement
- Environment, health and safety

Melissa Law describes how Global Operations delivers for customers through a relentless focus on safety, quality and productivity.

Q. How do you support both Food & Beverage Solutions and Primary Products?

A. All our corn wet mills make ingredients for both divisions, and we work closely with them to serve our customers flexibly and efficiently. For Food & Beverage Solutions, delivering solutions to customers is a complex process with multiple ingredients travelling around the world. For Primary Products, volumes are larger but our customers are mostly in North America, so our ingredients generally travel shorter distances. How efficient we are in running our operations and delivering competitively priced ingredients is fundamental to the economics of both divisions. Also fundamental is our focus on EHS (environment, health and safety) and quality. Nothing less than excellence in both will do.

Q. How do you keep a focus on excellence, day in, day out?

A. It's a challenge! But key to success is our mindset: that we all need to come to work every day looking for opportunities to do better. That's at the heart of our Journey to EHS Excellence, launched in January 2018. It's a multi-year programme through which we aim to deliver and sustain world-class EHS performance at all our operations. This means improving the lives of our people by focusing even more closely on their safety, and reducing our impact on the environment. It's gaining real traction (as explained in more detail on

> Nothing less than excellence in EHS and quality will do.

pages 48 to 55), and the change in culture I'm seeing among our people is my personal highlight of this year.

Another example of how we're focusing on excellence is through our continuous improvement programme, which currently has over 300 projects in the pipeline. Most are small, incremental changes, but when added together, they make a big difference to the productivity of our operations (see story on page 22).

Q. What's Global Operations' role in delivering the four-year US$100 million productivity benefits programme?
A. About 60% of the productivity benefits are expected to come from manufacturing operations and supply chain. We are working to deliver this through four areas: continuous improvement projects, as I've already mentioned; capital investments to reduce costs and drive efficiencies; an enhanced maintenance and reliability programme across our plants; and new processes, tools and systems to improve our supply chain. To give you an example, during the year, we implemented a new automated transportation management system in North America to manage better our transportation network and our railcars in particular. This will bring significant annual savings and also enhance the way we serve our customers.

We operate

20

production facilities across the world

More than

300

continuous improvement projects in our pipeline

Q. Can you tell us a bit more about how you manage logistics?
A. Our goal is to be flexible enough to meet our customers' needs. To do this, we have a global planning process supported by regional planning resources for our two divisions and a global network of warehouses and transfer stations where we keep products close to our customers. Given the rapid growth we're seeing in our business in Asia Pacific, during the year, we appointed a dedicated supply chain leader in the region to work more closely with customers.

Q. What were the main challenges you faced during the year?
A. We saw a significant increase in costs in areas such as transport and materials in North America, which made our focus on productivity even more important. Then, at the end of the financial year, our US operations were hit by incredibly cold weather conditions. It's no small task running operations at -30° to -40°C, and I was very proud of the resilience and focus shown by our people in keeping our plants operating safely and continuing to serve our customers.

Q. What are your priorities for the coming year?
A. Put simply, more of the same. Running efficient operations is about doing everything a little bit better, each and every day. And that's tough because we're human, and we can't be perfect all the time. But we must do our best, which means making sure we all adopt a continuous improvement mindset – 'do, learn; do, learn', while always keeping safety and quality front and centre. ■

OUR PEOPLE

Building a culture for long-term success

"The success of our business comes from the wide range of talents and contributions of our people. It's only through their efforts that we can continue to grow our business and make a positive impact on society."

LAURA HAGAN
CHIEF HUMAN RESOURCES OFFICER

A business with unique strengths

Our diversity is, I believe, one of our greatest strengths. Many of our sites across the world have strong, unique identities. Nurturing these local strengths while including everyone in our wider Tate & Lyle culture – a culture based on our values of safety, integrity and respect, and which is truly inclusive as well as performance-driven – is essential for building the capabilities we need for our success.

Better systems to support our teams

Part of building a strong, common culture across an organisation is having a common management system used by everyone. To streamline and integrate our people processes, and improve our ways of working, during the year we started a project to implement Workday®, a global people management system. It is easy to use, and will be accessible by all employees on any device. Workday® should be up and running across Tate & Lyle during the 2020 calendar year.

Enabling our people to do their best

As an employer of a multi-generational workforce – like many companies with a manufacturing heritage, in some plants we have up to three different generations working together – we need to create an environment that appeals to and gets the best out of everyone, whatever their expectations. One aspect of that is a focus on supporting a healthy work/life balance, which is why I was very pleased that, at the end of the year, we introduced paid parental leave for our salaried employees in the US.

Another aspect is training. Current employees need to develop their skills to meet the demands of a changing workplace, while new employees joining the workforce are looking to learn new skills and build their careers at Tate & Lyle. That is why, during the year, we significantly enhanced a number of our management and employee training programmes. For example, over 400 colleagues in Global Operations were trained in continuous improvement principles, while our sales and technical services teams in Food & Beverage Solutions completed over 900 training days between them.

United by our purpose

Common systems, programmes and training are very useful for creating a sense of cohesion. But we have a far more important unifying factor that appeals across generations, countries and cultures – our purpose. Everyone, whatever they do and wherever they are, in some way contributes to making great ingredients and solutions for customers, through which we can improve people's lives for generations. Building on this is a great opportunity, and one we will focus on as we develop our people strategy in the coming year. ■

A commitment to integrity and human rights

We expect everyone at Tate & Lyle, and all who work with us, to act in accordance with our values and live up to our standards. We set out what this means in our Code of Ethics, available in 13 languages, and publicised widely throughout the Group. We updated the Code in 2018, supported by online training for everyone and face-to-face training for particular areas of risk, such as sales and procurement. We encourage people to report any breaches through our Speak Up (whistleblowing) programme, which is advertised across our plants and offices, on our intranet and in other internal communications.

This year, the reports raised through Speak Up, either directly or through our independent third-party partner, Safecall, doubled. Statistically, our number of reports per person had been very low, so we see this as a positive change, a result of better communication and therefore higher levels of reporting. We investigate every report.

We support the Code with a set of standards including the Group Competition (Anti-trust) Standard, Group Gifts and Hospitality Standard, Anti-Money Laundering and Anti-Corruption/Bribery Standard, and Agents and Commissions Standard. Our global human resources policies are published on our intranet and communicated across the Group, covering topics such as equal opportunities, diversity and inclusion, employee training and reward. We also publish our standards for our supply chain, and our statement on anti-slavery and human trafficking. The latter of these is available on www.tateandlyle.com/anti-slavery-statement.

EMPLOYEE PROFILE (AS AT 31 MARCH 2019)

Employees

4,121

(2018: 4,192)

Employees by geography

Living by our Code

'Our updated Code of Ethics, published in 2018, is intended to be a tool for use by everyone in the business, both internally and with customers and suppliers, to help drive business success,' says Carolyn Lindsey, Head of Ethics and Compliance. 'Everyone I've spoken to has been open and enthusiastic about the Code – people want to talk about what they should be doing and the questions they should be asking, and that's really positive. Each employee has received a hard copy, and the messages in the Code are supported by 42 Ethics Ambassadors around the business. So far, we've reached 96% of our target audience for online Code training.'

OUR PEOPLE (continued)

Fostering an inclusive culture

Having the right culture is central to our success. People are at their best when they feel they are contributing to the Company's performance, while also developing their own abilities. And, of course, they must feel they can be themselves at work, which is why we're committed to a culture of diversity and inclusion. Our policy is to employ the best candidates available in every position regardless of gender, sexual orientation, age, nationality, colour, disability, race, religion or philosophical beliefs, marriage or civil partnership, pregnancy, maternity, gender reassignment or ethnic or national origin.

We've launched a number of initiatives to make sure we keep diversity front of mind everywhere. For example, in Global Operations, our Inclusion & Diversity Council is working towards ensuring that employees at our plants reflect the societies and communities they work in. We've also launched unconscious bias training for leaders in key front-line business units.

Gender diversity is an increasingly important issue for UK companies, and here we're looking to take a lead. While overall, we employ 71% men (2,926) and 29% women (1,195), we are one of the few companies in the FTSE 250 to have an almost gender-balanced Executive Committee – 44% women (4) and 56% men (5). We have 23% women (27) and 77% men (91) senior managers including statutory directors. We also have a strong Professional Women's Network which brings together women across the company for networking, personal development and socialising.

Gender pay gap reporting

Although we are below the threshold for UK gender pay reporting legislation, we publish details of our gender pay gap on our website.

Using the UK Government's methodology, Tate & Lyle reports a median gender pay gap of 9% across all UK employees (compared to 11% reported last year). The overall gender pay gap arises as a result of having fewer women in the most senior roles in the UK at the reporting date (April 2018).

Across the Group, while female representation in our senior management population has risen significantly over successive years, we recognise this remains a focus area. With this in mind, we are pleased to have improved the gender mix of our Executive Committee, with two female appointments made during the year.

Ensuring employees are motivated and recognised

Good internal communications are critical to creating and sustaining employee engagement. We communicate with our employees around the world through a number of channels. These include email, videos, our intranet, our Yammer internal social network, team meetings, employee town halls (group meetings of all employees at a site), and our global employee magazine, whose aim is to be the forum for employees telling their own stories. We publish the magazine every four months in English, with summaries in nine other languages.

Of course, we need to know whether our communications are effective, and what people are thinking. We therefore carry out periodic pulse surveys, which provide rich insight on important employee trends and sentiments to help us refine our approaches to employee engagement.

Communication is important for people to feel engaged and motivated – but fair, performance-based remuneration is also fundamental. Incentive arrangements are based on both Group and individual performance measures, while we ensure our packages are fair by benchmarking them regularly against the market.

GENDER DIVERSITY (AS AT 31 MARCH 2019)

International Day of Women and Girls in Science

To highlight and raise awareness of our proactive approach to gender issues, we organised an array of events and campaigns around International Day of Women and Girls in Science on 11 February 2019. This included asking female colleagues in science-related roles about the impact of gender on their careers, and sharing their experiences, insights and tips for the next generation on our intranet, our website and on social media.

But recognition is about more than pay – we also have a strong focus on non-financial recognition. This takes many forms, from localised recognition moments in team meetings, through to large events such as our biennial Extraordinary People Awards, which recognise truly exceptional behaviour from our people across the world.

Developing talent and enhancing leadership skills

We want to be a place where people are constantly learning – it's essential for our success as a business, and people's personal satisfaction in their work. We've focused particularly on our behaviours this year, continuing our programme to embed our three leadership behaviours of partnership, agility and execution. This has seen more than 200 global front-line managers and supervisors go through core management development programmes, and more than 40 high-potential leaders taking part in our flagship Global Leadership Development programme.

We have also invested in the technical capabilities of our front-line sales and technical teams. And, we're making it easier for employees to complete regular online training programmes, by making eLearning courses available on smartphones and tablets.

Supporting employee wellbeing

Improving Lives for Generations starts with our employees, and this year we've increased our focus on wellbeing, including work/life balance. A great example is our introduction of paid parental leave (PPL) for colleagues in the US with no legal right to it. Under our new PPL policy, all eligible employees – those welcoming a new addition to their family, whether a new baby, or an adopted or fostered child of any age – will have 10 consecutive days of paid leave.

At Group level, our Global Challenge is our most high-profile commitment to wellbeing. This year, over 1,000 employees from 19 countries took more than one billion steps over 100 days to improve their fitness and help them live more balanced lifestyles. At site level, we encourage people's initiatives and support their ideas about what will work best to promote wellbeing. Some examples include subsidising healthier food options in plant canteens, and organising visits from health and wellbeing experts and occupational health professionals. ■

Winning ways in wellbeing at Łódź, Poland

Last year, our team in Łódź devised a new health and wellness programme that's having a real impact on colleagues – and contributed to the team winning a Diamond Award from the Association of Business Service Leaders (ABSL) in Poland in December 2018. The award recognised the team's holistic approach to employee wellbeing and development through their 'I Love My Job' programme. The wellbeing agenda includes ongoing group exercise activities alongside a programme of weekly, monthly and yearly initiatives including healthy catering choices, workshops on diet, sport and lifestyle, and physiotherapist consultations.

1.4 billion steps and 57 million calories

In 2018, 177 teams (1,180 people) took part in our annual Global Challenge – racking up an incredible 1.4 billion steps and equivalent to burning 57 million calories. Three-quarters of participants exceeded the recommended daily 10,000 steps, and the total miles covered exceeded 560,000, with walking, running and cycling the most popular activities. Germany, Slovakia and Brazil topped the league table with a daily average of 18,855, 17,549 and 16,848 steps respectively per person.

ENVIRONMENT, HEALTH AND SAFETY

Continuing our journey to excellence

"Our Journey to environment, health and safety (EHS) Excellence (J2EE) is a multi-year programme which aims to deliver and sustain world-class EHS performance throughout the Group. Our ultimate goal is to provide a safe working environment for everyone and to operate sustainably with minimal impact on the environment."

MELISSA LAW, PRESIDENT, GLOBAL OPERATIONS

As we reported last year, in January 2018, we launched J2EE, bringing environment and safety together under one umbrella. This followed a comprehensive Group-wide safety review in 2017 conducted by an independent external expert consultancy.

A summary of J2EE

Our J2EE programme helps us ensure we're protecting our employees' health, keeping them safe, and protecting our environment. It's designed to strengthen our EHS culture and performance to create a strong EHS community, led by senior management. In practical terms, this involves each site introducing standardised protocols and passing through a series of stages, or tollgates, with the help of element owners – colleagues who champion a particular aspect of EHS.

J2EE is supported by a global EHS management system aligned with the requirements of international standards for the environment, occupational health and safety, and risk management (ISO 14001 and ISO 45001). Our approach includes a global EHS policy (available on www.tateandlyle.com) which sets out a number of principles designed to keep our people safe, along with a consistent set of requirements and expected results. These include areas such as working at height, combustible dust, railcar safety and hot liquids, chemicals and steam. We've also introduced Gensuite, a cloud-based tool for managing EHS data efficiently and consistently.

Enhancing our oversight of EHS

During the year, we established a new EHS Advisory Board to oversee the implementation of the J2EE programme and review our EHS performance generally. This board, which meets quarterly, is made up of senior executives, including the Chief Executive, plus an external expert.

J2EE aims

- To prevent loss of life and injuries
- To provide clarity about the behaviour we expect from those who work for us and with us
- To manage our operational environmental risks to minimise our environmental footprint while ensuring compliance with local regulators

> I have been greatly inspired by the energy and commitment I've seen across Tate & Lyle and the way everyone has embraced J2EE. It gives us real encouragement that we are on the right course.

JAN-JAAP VAN DER BIJ, SENIOR VICE PRESIDENT, GLOBAL EHS

Supporting the UN Sustainable Development Goals (SDGs)

Our J2EE is linked to our wider contribution to society and the world, as many of the issues it addresses are highly material to our stakeholders and overlap with some of the UN's Sustainable Development Goals (SDGs). We're considering which goals are most relevant to our business, namely where we can have the most impact. We will be reporting on this in the coming year.

The Board of Directors receives updates on EHS performance at every meeting, and a more detailed review of progress at least twice a year, which includes a report from our external expert. EHS updates are also provided regularly to the Executive Committee and, every week, we email a wide group of employees with the latest EHS performance data, details of any incidents in the previous week and corrective actions taken, and examples of EHS best practice.

Senior executives visit sites around the world to meet employees and contractors to discuss EHS and identify key issues. This first-hand insight helps us review and improve our EHS practices and address any specific concerns employees may have.

New ways of thinking about EHS risk

We've made good progress in several areas over the past year. For example, our new hazard management process has helped to identify and evaluate high-risk processes. We classify risks as either 'lions' or 'tigers'. Both are potentially dangerous, but lions hunt in the open and are relatively easy to spot and avoid (like easier-to-identify occupational safety issues), while tigers hide and use surprise (like harder-to-identify process safety issues). During 2018, we completed 'tiger hunts' at all our sites. When we find a risk during a 'tiger hunt', we identify the barriers currently in place to mitigate it and, using a scenario-based audit, ensure they're working as intended. If they are not, we change them to make sure they do.

Speaking up about EHS

4.5k

concerns raised

We encourage employees to tell us about any EHS concerns they may have, no matter how large or small. This year, they raised more than 4,500 concerns, and over 70% were addressed within 30 days.

Good early progress

The aim of J2EE is to deliver sustained EHS improvement over several years. We are only in our second year of J2EE, and so there is still more we need to do, but progress so far is encouraging. As of May 2019, 33 of our sites have reached the first tollgate, while 21 have reached the second tollgate. We are particularly pleased that three of our manufacturing sites – McIntosh and Sycamore, USA and Santa Rosa, Brazil – have reached the third tollgate. There are seven tollgates in total.

As we develop and learn from our J2EE programme, during the year we also took the opportunity to review our 2020 environmental targets. We decided to revise our sustainable agriculture target to focus on supporting sustainably farmed corn, which is the agricultural material we use by far the most. We are looking at setting new targets for all our environmental impacts for 2025, and will report on them in due course.

Public reporting

We explain the scope, principles and methodologies we use to report our EHS performance in 'EHS Reporting Criteria' at www.tateandlyle.com/about-us/corporate-responsibility.

Assurance

Bureau Veritas UK Ltd have independently verified selected environment data on pages 53 and 54. Their assurance statement is at www.tateandlyle.com/about-us/corporate-responsibility.

We report EHS data by calendar year.

ENVIRONMENT, HEALTH AND SAFETY (continued)

Health and safety

As part of the J2EE programme, this year we introduced a new, more rigorous reporting system, and trained our people on how to use it. We're pleased that this, along with the more open environment we are fostering through J2EE, has resulted in people reporting more incidents in more detail, giving us a better understanding of our safety risks and performance. As part of the system, we also introduced centralised reporting of leading indicators – EHS concerns, near misses, critical safety device activations and combustible dust events – which are essential for understanding potentially hazardous situations, and enabling us to take better, faster, preventative action across the Group. We believe the implementation of our new reporting systems, and the resulting increase in incident reporting and information, was a contributing factor to the worsening of our safety results in the 2018 calendar year, with the recordable incident rate worsening by 24% and our lost-work case rate by 32%. Recordable injuries also increased from 49 in the 2017 calendar year to 60 this calendar year, although the number of injuries reduced in the second half of the year. Over the longer term, our more rigorous approach to reporting and our focus on leading indicators will give us a better understanding of safety risks, which should help us to reduce both the frequency and severity of incidents.

We report safety performance by calendar year. For EHS reporting purposes, employees include all those at Tate & Lyle owned operations and joint ventures.

Leading indicator

11

Potentially severe events (PSE)

PSEs are events or incidents which could have resulted in a major or severe incident.

Life-saving principles to promote safe working

When we launched J2EE in January 2018, we adopted 10 life-saving principles in areas such as working at height, combustible dust, railcar safety, and hot liquids, chemicals and steam. Each principle defines critical behaviours expected of leaders and employees to ensure their own safety and that of their teams.

RECORDABLE INCIDENT RATE[1]

Number of incidents combined

60

2017: 49

1 Number of injuries requiring treatment beyond first aid per 200,000 hours.

- Employees
- Contractors
- Combined (Group KPI)

LOST-WORK CASE RATE[1]

Number of lost-work cases combined

16

2017: 12

1 Number of injuries that resulted in lost-work days per 200,000 hours.

- Employees
- Contractors
- Combined (Group KPI)

See Group key performance indicators, including recordable incident rate and lost-work case rate, on pages 24 and 25.

NATURE OF ACCIDENTS

Compared with our previous system of reporting, our new Gensuite management system has many more categories. This means we can be much more specific about the nature of an incident when reporting it.

STOP Work Authority

We have introduced a STOP Work Authority across the Group. It means all employees, contractors, and people who are conducting work or work-related activities at our sites have the authority and responsibility to stop any activity they believe is not being done safely or that poses an environmental risk. It doesn't matter how critical the activity is for our operations. We will always support a decision to stop work that is not being done safely or poses an environmental risk.

Award-winning authority

Each week, we recognise the top STOP Work report with an award. Here are just a few of this year's examples. At Mold, UK, a maintenance engineer entered the boiler house to repair a pipe. He smelled natural gas and immediately stopped all work and reported the incident – which indeed turned out to be a gas leak.
A similar event occurred at Dayton, Ohio, USA, where a colleague smelled high levels of ammonia and stopped work on a tank until the level could be reduced. STOP Work awards aren't only for employees. We were pleased that a contractor at our Kya Sand, South Africa site stopped work when he discovered that a safety switch was not operating correctly on a blender. He immediately isolated the energy source and had the problem corrected.

285

STOP Works in 2018

Each week, we recognise the top STOP Work report with an award.

ENVIRONMENT, HEALTH AND SAFETY (continued)

Environment

We measure our environmental footprint in terms of our energy use, our water use and our generation of waste. While we consider our impacts principally within our own operations, we are expanding our focus to include sustainable agriculture, particularly for our principal raw material, corn.

Although we did not improve our overall environmental performance this year, we saw positive progress at several of our major facilities as a result of productivity, efficiency and reliability gains from continuous improvement projects. And, we made progress on our sustainable agriculture programme through a new partnership with Land O'Lakes SUSTAIN™ that will enable us to better measure and manage our impact. Looking to 2020, we believe that the implementation of our new performance assurance system through J2EE, and the resulting improvements in how we're managing our performance, will help us work towards meeting our targets.

How we manage environmental risk

As part of J2EE, we've implemented a global EHS management system to help us measure and control our environmental performance consistently. It lays the foundations for achieving ISO 14001 certification for effective environmental management. The system includes:

- Identifying and measuring environmental risks to prevent and mitigate our impacts
- Planning, setting targets, measuring progress, and tracking actions to achieve our objectives
- Documenting all legal and other environmental obligations and their fulfilment
- Investing in our employees' environmental knowledge, skills and capabilities
- Communicating internally and externally any changes in our environmental strategy, risks, or risk controls

Our Boleraz, Slovakia site, where we've reduced energy consumption by 12,600 MWh per year.

ENERGY USE AND CARBON EMISSIONS

Climate change risks and opportunities are considered as part of our strategic decision-making process, and we're considering the recommendations of the Task Force on Climate-related Financial Disclosures.

Since 2008, we've reduced our CO_2e emissions by 20.4% and energy e per tonne of production by 4.5%. However, despite performance improvements at several facilities this year, our CO_2e emissions increased by 1.7% and our energy use by 0.6%, due primarily to issues with a turbine and the commissioning of a new natural gas boiler at our Decatur, Illinois, US plant. Now operational, this boiler will reduce CO_2e emissions by 55,000 tonnes per year with the added benefits of reducing costs and increasing reliability and productivity.

Our Group greenhouse gas emissions for the 2018 calendar year in tonnes of carbon dioxide equivalent (tCO_2e) were 2,695,000.

Highlights of good practice

- Our US sites, Lafayette South and Loudon, in Indiana and Tennessee, respectively, were again the only two corn wet mills in the US to receive Energy Star certifications in 2018. These are awarded by the US Environmental Protection Agency (EPA) for outstanding energy efficiency performance.
- Our Boleraz, Slovakia site used innovative approaches alongside established continuous improvement methodologies to reduce its energy consumption by 12,600 MWh per year.

GREENHOUSE GAS EMISSIONS, SCOPES 1 AND 2

Tonnes CO_2e

Intensity (tonnes of CO_2e per tonne of production)

TARGET BY END 2020

Reduce CO_2e emissions (scopes 1 and 2) from energy use by 19% per tonne of production (baseline year 2008).

Progress

20.4%

reduction since 2008

Commentary

We've beaten our 2020 target and continue to plan energy reduction projects that will minimise our CO_2e footprint.

ENERGY USE

Gigajoules (GJ) per tonne of production

ENVIRONMENT, HEALTH AND SAFETY (continued)

WATER

In 2018, despite several efficiency projects, Group consumption increased by 3.7% due primarily to a water leak at our McIntosh, Alabama, US facility (since repaired) and the start-up of an additional groundwater well at our Dayton, Ohio, US facility. In the future, this well will contribute to a decrease in water use at Dayton since much of the well water will be reused.

Water is a shared resource, and we're committed to ensuring that, wherever we operate, our water use is sustainable for both ourselves and the local community. To maximise the efficiency of our water use, we've begun working on a two-year initiative to complete in-depth water risk and opportunities assessments at all major sites. This analysis will enable us to set a meaningful water use minimisation target for 2025.

Highlights of good practice

Our Lafayette South, Indiana, US plant has implemented water reuse and minimisation continuous improvement projects that will reduce our water discharge by 80 million gallons per year. By reusing condensates instead of fresh water and by significantly minimising the water used in a key purification process, we are minimising our environmental footprint while significantly reducing our water and wastewater treatment costs.

WATER USE

Cubic metres per tonne of production

WASTE TO LANDFILL

Since 2008, we've reduced waste to landfill by 10.9%, although compared with 2017, it increased by 7.8% in 2018. This increase was due to key waste streams, previously diverted, at our Decatur, Illinois; Loudon, Tennessee; and Sagamore, Indiana, US plants being sent to landfill.

This year we implemented a new process to measure and minimise the impact of our waste through our new digital data management system, Gensuite. This will help us ensure that any decisions we make around waste will be environmentally responsible and cost effective, and overall minimise our waste to landfill.

Highlights of good practice

Our McIntosh, Alabama, US facility diverted all its wastewater sludge from landfill to fertilise local farmlands.

WASTE TO LANDFILL

Tonnes per 1,000 tonnes of production

TARGET BY END 2020

Reduce waste to landfill by 30% (baseline year 2008).

Progress

10.9%

reduction since 2008

Commentary

Waste to landfill increased this year, making it more challenging to achieve our 2020 target. Our progress in 2019, through landfill diversion and waste minimisation projects, will be a key factor as we work towards our 2020 target.

SUSTAINABLE SOURCING

We reviewed our sustainable sourcing strategy this year. We decided to focus our efforts initially on ways to improve our sustainable agricultural practices in the corn supply chain as we use far more corn than any other raw material.

In November 2018, we entered a partnership with Land O'Lakes SUSTAIN™, a leading US resource stewardship solutions provider, to support sustainable corn farming in the US. As well as a direct environmental impact, this partnership will also, through Land O'Lakes SUSTAIN™'s analytical software, The Truterra™ Insights Engine, help farmers understand the impact sustainable practices will have on their crops and their profitability.

We're also active members of the US Corn Refiners Association and of Field to Market, the US alliance for sustainable agriculture, which helps define, measure and promote sustainability in US agriculture, particularly for corn production. We also work closely with key customers to enable them to meet their commitments and realise their ambitions for sustainable agriculture.

We're not restricting our efforts to corn, however. This year also saw the launch of a partnership with Earthwatch, an independent, international science-based organisation to undertake a review of our stevia supply chain in China to understand its socio-environmental impact. The project, which began in early 2019, will last a full annual growing cycle. Based on the research collected, Earthwatch will recommend practical steps we can take to reduce risks and maximise opportunities for business and environmental sustainability. ■

▲ We use far more corn than any other raw material and we're looking at sustainable practices in the supply chain.

"We recognise the importance of partnerships along the entire value chain to improve sustainability, lessen environmental impact and improve profitability.

ANNA PIERCE
GLOBAL SUSTAINABILITY MANAGER

COMMUNITY INVOLVEMENT

Improving lives in our communities

"We have a proud history of community involvement and, today, supporting our local communities is as important to us as it was 100 years ago."

ROWAN ADAMS, EXECUTIVE VICE PRESIDENT, CORPORATE AFFAIRS

Putting our purpose into action

In support of our purpose of Improving Lives for Generations, the aim of our community involvement programme is to build stronger, healthier local communities. We know that engaging with communities is not a one-size-fits-all activity, and employees at our sites work in a wide range of ways to make a contribution. Our aim is to focus on areas where we know we can make a difference. That's why our community involvement programme is centred around three main areas, with a particular emphasis on supporting children and young adults.

- **Health:** we support projects which improve the health and wellbeing of people of all ages, helping them understand the roles played by nutrition and physical activity in a well-balanced life.
- **Hunger:** we work with organisations to give people in need in our communities, and beyond, access to nutritious meals.
- **Education:** we work with local schools, education foundations and other community partners to help prepare students for healthier, brighter futures.

Within our broader global framework, we empower employees at each location to make their own decisions about which projects they wish to support and what partnerships they want to develop. We regularly review our programmes and the partners and projects we support.

Our partners include registered charities, educational institutions and non-governmental agencies that meet our high standards for delivering services and results. Our plan and budget for community involvement are developed and approved as part of our annual operating plan process. ■

How we invest in communities

In the year ended 31 March 2019, cash community spend and charitable donations were £490,000 (2018 – £479,000).

Volunteering pays dividends all round

Last year, we began working with Enders-Salk, an elementary school near our Hoffman Estates, Illinois, US facility. We began by sponsoring a free breakfast programme for students in need, and it soon expanded into other areas too. Our latest project was to help the children plant and harvest their school garden, with potatoes, beans and tomatoes a popular choice. This helped the children learn about the importance of eating more healthily and living a balanced lifestyle. The project also had some unexpected personal and professional benefits for our own people in terms of teambuilding and personal fulfilment.

> Our people are the heart and soul of our community involvement work, volunteering their time and talent to make a difference.

JENNIFER WALKER, DIRECTOR, GLOBAL COMMUNITY RELATIONS

Highlights of the year

Health

Through a range of wellbeing programmes we've reached more than 1,000 students, their teachers and parents with the information and practical skills they need to live healthier lifestyles.

Programmes include:

- **Healthy Eating, Happy Learning (Shanghai, China):** second year of our programme with the Shanghai Nutrition Society in two schools to help children and their parents make healthier choices.
- **Food 4 Thought (Hoffman Estates, Illinois, USA):** partnership with the District 54 Education Foundation to provide a nutritious breakfast, nutrition education and mentorship to school children and their families.
- **London Youth Games (London, UK):** volunteers from our head office helped primary school children have a great time while learning the benefits of taking part in sport (pictured).

Hunger

Through our support of food bank partners and community-wide food drives, we've helped provide 300,000 meals to people in need.

Initiatives include:

- **Holiday Meal Boxes (Hoffman Estates and Sycamore, both Illinois, USA):** for the second year, we sponsored the Northern Illinois Food Bank's Holiday Meal Box project, packing more than 30,000 holiday meal boxes for families in need.
- **The WSOY Community Food Drive (Decatur, Illinois, USA):** we've been a partner for 17 years; this year, the overall programme collected 1.5 million pounds of food in just 12 hours.
- **The Trussell Trust (London, UK):** our London team ran events to raise money for the Trussell Trust Food Bank network which supports families across the UK.
- **National Food Collection Day (Ossona and Noto, Italy):** our Italian teams joined Banco Alimentare to help ensure people in need across Italy had access to nutritious food.
- **Mobile Donation (Melbourne and Brisbane, Australia):** our Australian teams collected food and made deliveries for OzHarvest and The Food Bank, helping to provide meals and educate communities about food waste (pictured).

Education

Through funding STEM grant programmes and providing scholarships and other educational support, we've helped more than 7,000 students across the world get a better education.

Partners include:

- **STEM Grants Programme (US):** we work with district education foundations where we have sites in the US to provide STEM-based teaching grants.
- **University Scholarships (US, Vietnam and South Africa):** we provide scholarships that help students work towards a college degree.
- **Vaquitas Lecheras (Buenos Aires, Argentina):** for the past six years, our team has been working with local families in need providing school supplies, study support and mentorship (pictured).

RISK REPORT

Building on a strong risk culture

"With the growth of our business comes a changing risk profile, particularly as we look to expand in new markets. During the year, we started a process to take a fresh look at how we identify, challenge and mitigate risk in a changing world."

LINDSAY BEARDSELL
EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL

Owning risk across the business

Coming new into the business this year, it's encouraging to see how hard the risk team has worked to embed an understanding of risk from the bottom up, and encourage ownership across the business. Tate & Lyle people are clearly committed to taking responsibility for risk in their own areas. This is particularly evident when it comes to environment, health and safety (EHS). There has been real investment through our ongoing Journey to EHS Excellence (J2EE), for example through the recruitment of safety engineers at our plants. I've seen for myself how people across the Group have been embracing the J2EE programme – EHS at Tate & Lyle is not just a priority, it's foundational.

Enhancing ethics and compliance

We have also been investing in ethics and compliance. We now have a full-time Global Head of Ethics and Compliance, and we relaunched our Code of Ethics (Code) this year. In principle, there should be no difference in the way we do business anywhere we operate, and our Code sits at the heart of how we work. It's part of our contracts and we have a zero-tolerance approach to bribery and corruption. We enhanced our programme of Code training with the rollout of a new online module for all computer-based employees and with targeted, in-person training for higher-risk groups such as sales and procurement. To date, over 500 people have received in-person ethics and compliance training, and the online training course has been completed by 96% of our target audience.

We take a risk-based approach to third-party due diligence, and monitor ethics and compliance risks through our regional Control Environment Councils. We also aim to ensure that the business practices of all our partners are in line with our Code. This is naturally more difficult to do in some jurisdictions, and the risks increase as we work with more and more partners. We therefore seek to continually improve our processes to meet the needs of all markets and to develop closer relationships with our partners.

Taking a fresh look at risk

Looking ahead to the coming year, an area of focus is to reflect and improve our top-down approach and holistic view of risk. We're therefore reviewing the way that we identify, challenge and mitigate risks across the Group to ensure that we have a full view of their end-to-end impact. As part of this, we'll be considering the longer-term implications of our global growth strategy, which is likely to involve further investment in new markets.

Our strong risk culture will be important here. Good risk management is not about being overly cautious or avoiding risk, it's about ensuring that we understand fully what our risks are, the level of risk we want to take, and are clear about how they should be managed. It's also about making sure our people own the risks in their area, and we will continue to ensure that we do this as our risk profile develops.

I'm excited about the growth potential of our business and our aim is to ensure our risk management activities both support and enable that potential. ■

How we manage risk

Our risk management programme

We have a single, Group-wide programme to identify, analyse and assess risks to our business, and then to determine how we manage, control and monitor those risks.

THREE LINES OF DEFENCE

We manage significant risks at three distinct levels.

1

RISK OWNERSHIP AND CONTROL

Our business and operational managers identify risks and bring in policies and procedures to maintain effective controls day-to-day. They also update our front-line controls regularly in response to our changing risk profile.

2

MONITORING AND COMPLIANCE

Our Group functional teams help management to monitor key risk areas and make sure the first line of defence is working as intended. These teams include risk management, finance, quality, ethics and compliance, and environment, health and safety. They also identify current and emerging risks, and ensure we address any changes in the risk landscape in good time.

3

INDEPENDENT ASSURANCE

Our Group Audit and Assurance team (internal audit) and external assurance providers give independent assurance over our risk management, control, and governance processes and systems.

OVERSIGHT

See the governance section, pages 76 to 83, for more information.

BOARD

AUDIT COMMITTEE

EXECUTIVE COMMITTEE

Our Board, Audit Committee and Executive Committee oversee and direct risk management in line with their respective responsibilities.

Our Board has overall responsibility for how we manage and control risk, and for setting the Group's risk appetite. Every year, the Board makes a robust assessment of the principal risks facing our business to determine the nature and extent of risk necessary to achieve our strategic objectives. They also evaluate emerging risks in line with good practice.

RISK REPORT (continued)

Our approach to risk

Identifying risks

Each year, we hold bottom-up and top-down reviews of our principal risks, looking at a three-year horizon.

The bottom-up process involves a rolling programme of workshops held around the business, facilitated by our risk management team. These workshops help us to identify current and potential risks, which we then collate and report through functional and divisional levels to our Executive Committee. We also consider any areas and behaviours which could bring about new risks, or different combinations of risk with other potentially larger impacts. The top-down review involves the Board assessing the output of this work, confirming that the principal risks have been captured and addressed, and that emerging risks have been considered.

Through these processes, we identify our main business, strategic, financial, operational and compliance risks and create action plans and controls to mitigate them to the extent appropriate to our risk appetite.

Risk appetite

As part of our annual risk assessment process, our Board and Executive Committee consider the nature and extent of our risk appetite. The outcome of this exercise informs our strategic planning activities, and helps us to set the level of mitigation needed to achieve our strategic objectives – accepting, of course, that some level of risk is necessary.

Managing and reviewing risks

Individual executives have responsibility for managing certain risks and their mitigating controls. Our senior executives formally confirm (and report to the Audit Committee) once a year that risks are being managed appropriately in their area of responsibility, and that controls are in place and effective.

Our Executive Committee reviews our principal risks regularly – at least three times a year – and reports to the Board any changes in the level or velocity of the risks, and the associated mitigating actions. Our Board reviews the principal risks at least every six months.

Brexit

The Board reviewed the impact of Brexit and the contingency plan we have in place in the event the UK leaves the EU without a deal; and concluded that Brexit is not a material risk for us.

Principal risks

It is ultimately the Board's responsibility to decide what is considered a principal risk to the business – namely one that could threaten our business model, performance, solvency or liquidity. Our risk profile does, of course, evolve and the Board updates its view of principal risks accordingly. This year, the Board decided that no changes to the principal risks were needed. See pages 61 to 65 for our list of principal risks and examples of mitigating actions.

The Board confirms that a robust assessment of our principal risks was carried out this year.

Viability statement

In line with the UK Corporate Governance Code, the Directors have assessed the viability of the Group, taking into account our current position and the potential impact of the principal risks we face.

Although our strategic plan, which the Board reviews annually, forecasts beyond three years, we create a detailed three-year financial plan, which includes anticipated capital and funding requirements. For this reason, the Directors agree that it is appropriate to assess our viability over a three-year period to 31 March 2022.

To assess our viability, we stress-tested our strategic plan under four downside scenarios which would stress our potential viability if one or more of our principal risks were to occur. We assessed the potential impact of these scenarios, individually and in combinations, both before and after mitigation.

The four downside scenarios modelled were:

- A major operational failure causing an extended shutdown of a large manufacturing facility
- A sharp decline in sales in one or more of our major product lines
- The loss of one or more of our key global customers
- Government actions or policies restricting or preventing our ability to operate in key markets

In each case, we assumed we would still be able to secure financing or refinancing in capital markets in all plausible market conditions.

We measured the impact of these risks by quantifying their financial impact on our strategic plan, and on our viability when set against measures such as liquidity, credit rating and financial covenant requirements. We also considered operational and commercial impacts. This exercise showed that, over this three-year period, the *Group would be able to withstand the impact of the most severe combination of these* risks if we adjusted our strategic plan and capital allocation priorities, and took other available mitigating actions.

Based on this assessment, the Directors have a reasonable expectation that we will be able to continue operating and meet our liabilities as they fall due between now and 31 March 2022.

Our principal risks

STRATEGIC RISKS

Risk	How we manage the risk
1. Lack of growth in Food & Beverage Solutions	
Failing to grow Food & Beverage Solutions could prevent us from delivering our performance against targets. This could reduce our profitability over both the shorter and the longer term and damage investors' view of us as an innovative solutions provider to our customers.	**Policies and procedures in place** • An organic and acquisitive growth plan which supports our strategy. • Global and regional five-year plans focused on key categories. • An M&A team which works closely with Innovation and Commercial Development (ICD) and our divisions to identify and deliver acquisitions and partnerships focused on growth. • Incentive schemes and bonus programmes for customer-facing teams tied to strategic as well as operational targets. **Key developments this year** • We refreshed our product development 'StageGate' process to ensure we focus on those opportunities most likely to deliver growth. • We strengthened our customer-facing and innovation teams in Food & Beverage Solutions. • We rolled out a global programme to increase customer focus in key areas such as customer account management and planning.
2. Failure to innovate and commercialise new products	
New products are essential to the long-term growth of our business, and our ability to lead the industry in our chosen categories. Without them, we might be unable to meet our customers' future requirements, which could damage our performance and reputation and result in customers moving to work with competitors.	**Policies and procedures in place** • A robust innovation process that delivers a strong pipeline of products through internal development and open innovation. • An ICD team that tracks emerging consumer trends and works closely with commercial partners to deliver innovation, with all strategies aligned to deliver targeted growth. • Targets for new product sales tied to incentive and bonus schemes for customer-facing teams • An open innovation team scouting for breakthrough technologies. • A marketing team that gives insights into consumer and key category trends, and supports new product launches. • Partnership opportunities with customers prioritised to accelerate development cycles and bring new ingredients to market more quickly. **Key developments this year** • We restructured the ICD team to focus on category strategy and growth and to ensure clear accountability. • We improved our model for testing new ideas before commercial roll-out.
3. Inability to attract, develop, engage and retain key people	
To be successful, we must have great people in the right roles. Without them, we may be unable to deliver our strategy.	**Policies and procedures in place** • Remuneration policies designed to attract, retain and reward the best people. • Talent development that provides opportunities for employees and training to close skill gaps. • Initiatives to make sure we keep diversity front of mind everywhere. • A single global performance management system, as well as talent planning processes. • Progress measured against cultural objectives and global employee surveys that help to reveal what employees really think about working at Tate & Lyle. • Executive Committee and Board focus on succession planning for business-critical roles. **Key developments this year** • We revamped our internal and external communications plans. • We engaged closely with our global leadership team to support engagement and ensure alignment around key priorities. • We reviewed our incentive programmes to ensure they are aligned with strategy and continue to provide an attractive employee proposition, to drive engagement and individual performance. • We launched a programme to put our purpose at the heart of who we are and how we operate.

RISK REPORT (continued)

OPERATIONAL RISKS

Risk	How we manage the risk
4. Failure to act safely and operate our facilities safely and responsibly	

Safety is not just a priority – it's foundational at Tate & Lyle. Failure to comply with laws and regulations relating to health, safety and the environment could result in us being unable to protect our employees, stakeholders and the wider communities in which we operate. It could also lead to fines and have a negative impact on our reputation.	**Policies and procedures in place**
	• Continuous improvement plan for environment, health and safety (EHS) in place at all our sites (Journey to EHS Excellence, or J2EE), visibly sponsored by the Chief Executive and Executive Committee.
	• Quarterly EHS Advisory Board receives EHS updates and reviews performance; attended by the Chief Executive, and includes an external EHS expert.
	• Regular reviews by Executive Committee and Board of EHS performance and progress against J2EE.
	• SafeStart® behavioural safety training programme at all sites.
	Key developments this year
	• We increased investment in our EHS team including the recruitment of safety engineers at our major plants.
	• We completed deep-dive EHS reviews at all plants to identify areas that require improvement or greater focus. These areas are built into a continuous improvement plan.
	• We continued to invest in J2EE including:
	  • Introducing a new EHS digital management system, Gensuite
	  • Implementing two new initiatives, Life Saving Principles and STOP Work Authority.

5. Failure to operate our plants continuously, manage our supply chain, and meet high standards of customer service	
There are many risks in operating plants which could cause breaks in production, leading to disruption and a deterioration in customer service. This, in turn, could damage our ability to grow and perform as a business.	**Policies and procedures in place** • A preventative maintenance programme across our plant network. • An ongoing programme to improve our global supply chain processes. • Business continuity capabilities to enable us to supply products to customers from alternative sources quickly if there's a natural disaster or major equipment or plant failure. • Customer service capabilities managed by Global Operations as part of an integrated end-to-end supply chain process. • Plans for the continued operation of our US plants in extreme winter weather. **Key developments this year** • We strengthened our maintenance programmes across our major plants. • We refreshed our business continuity plans to support long-term strategic growth. • We aligned our sales and operational planning process with product line management teams to strengthen our ability to balance supply and demand. • We invested in digital technology to improve customer service. • We enhanced the way we manage inventory to improve customer service and our ability to supply.

OPERATIONAL RISKS (continued)

Risk	How we manage the risk

6. Failure to maintain the quality and safety of our products

Poor quality products could affect safety and also damage our reputation and relationships with customers. This could have a negative effect on our performance and corporate reputation.

Policies and procedures in place
- Strict quality control and product testing procedures.
- Recall process running and tested.
- Third-party audit programme, supplemented by internal compliance audits.
- Suppliers assessed for food safety/quality risks, including raw material suppliers, tollers and warehouses.
- Allergen management programme.

Key developments this year
- We implemented a recipe management system to centralise the management of our products and ingredients.
- We updated our hazard analysis and critical control points plans at all plants to ensure compliance with the new US Food Safety Modernization Act.
- We established a Quality Incident Review Board to investigate incidents and share resulting best practice across all sites.
- We continued to focus on minimising the risk of cross-contamination at our plants by upgrading our food defence programmes using the US Food and Drug Administration (FDA) food defence plan builder.

7. Inability to manage fluctuations in the price and availability of raw materials, energy, freight and other operating inputs

Fluctuations in crop prices could affect our margins. These changes could stem from things like alternative crops, co-product values and varying local or regional harvests because of, for example, weather conditions, crop disease, climate change or crop yields. In some cases, due to the basis for pricing in sales contracts or due to competitive markets, we may not be able to pass the full increase in raw material prices, or higher energy, freight or other operating costs, on to our customers. Our margins might also be affected by customers not taking expected volumes.

Policies and procedures in place
- Strategic relationships and multi-year agreements with suppliers and trading companies.
- A balanced portfolio of supply and tolling contracts with customers that helps to balance raw material prices and product sales prices and volume risks.
- Raw material and energy purchasing policies that increase the security of our supply.
- A network of corn elevators which enhances the security of our supply.
- New or back-up supply sources (for chemicals, for example) in case primary suppliers face localised challenges.
- The use of derivatives and forward contracts, where practical, to hedge and manage our exposure to raw material and co-product prices.

Key developments this year
- We added procurement resources regionally to better manage local market variances.
- We combined our transportation procurement and logistics teams to improve how we manage suppliers and better serve customers.
- We reorganised our global engineering teams to allow our engineers to spend more time on improvement and problem solving.

8. Failure to maintain the security of our information systems and data

A cyber-security breach, whether stemming from human error, deliberate action or a technology failure, could lead to unauthorised access to or misuse of our information systems, technology or data. This, in turn, could result in harm to our assets, data loss and business disruption – and could bring legal risks and reputational damage.

Policies and procedures in place
- A cyber-security enhancement programme focused on strengthening our people, process and technology defences.
- Compulsory cyber-security training and cyber-security breach scenario exercises.
- Advanced perimeter defences, as well as continuous vulnerability detection and defences.
- Separate systems across our plant network to provide resilience.
- A 24/7, third-party security operations centre.

Key developments this year
- We revised our privacy guidelines to align with the EU General Data Protection Regulation.
- We introduced a security operations centre and computer emergency response team.
- We added specific cyber-security terms and conditions to new contracts.
- We ran a number of cyber-security communications campaigns to raise awareness with our employees.
- We invested in a range of technology defences, from next-generation firewalls to enhanced email security.

RISK REPORT (continued)

LEGAL, REGULATORY AND GOVERNANCE RISKS

Risk	How we manage the risk
9. Breach of legal or regulatory requirements including our Code of Ethics	
If we don't meet our legal and/or regulatory obligations, our relationships with customers could be damaged, and there could be contractual claims, threats to our licences and, in extreme cases, risks to our directors and officers. It could also affect our performance and corporate reputation.	**Policies and procedures in place** • Legal and regulatory teams working in partnership with commercial teams to identify legal and regulatory risk and to provide advice and solutions. • Regular monitoring of legal and regulatory developments to identify those that could affect Tate & Lyle. • Key legal policies. • Ethics and compliance training programme. • Third-party-hosted whistleblowing process giving employees a way to raise concerns anonymously if they're not comfortable raising them internally. • A full-time Global Head of Ethics and Compliance. **Key developments this year** • We restructured our Legal and Compliance teams to strengthen legal resources in the regional businesses. • We reviewed our legal and ethics and compliance programmes to make sure they focus on priority areas to drive efficiency and support growth. • We updated and relaunched our Code of Ethics. • We introduced ethics and compliance monitoring of high-risk countries. • We rolled out an ethics training programme and trained around 1,000 employees on data protection.
10. Failure to maintain an effective system of internal financial controls	
Without effective internal financial controls, we could be exposed to financial irregularities and losses from events that may affect our performance and ability to operate.	**Policies and procedures in place** • Financial policies and standards supported by procedures for key financial processes, for example, capital expenditure. • A number of forums to monitor and manage our financial risks, for example, our monthly working capital review and our regional Control Environment Councils. • Detailed quarterly business and financial reviews by our Chief Executive and Chief Financial Officer. • Confirmation of minimum control standards at the half year and the end of the financial year. • Automated controls built into our systems wherever possible. • A well-resourced Group Audit and Assurance team which provides independent assurance to management and the Board. **Key developments this year** • We continued to strengthen our framework for enterprise controls, and to focus on the segregation of duties and quality of our balance sheet reconciliations. • We evolved our risk and control matrix and rolled this out in Europe, Middle East and Africa and North America. • We implemented a new finance operating model in Asia Pacific and Latin America to make better use of our shared service centre.

LEGAL, REGULATORY AND GOVERNANCE RISKS (continued)

Risk	How we manage the risk
11. Changes in consumer, customer or government attitudes to our products	
The regulatory status or perception of our products could be affected by things like changes in customers' or consumers' attitudes, changes in food laws and regulations, and/or campaigns targeted at specific ingredients or technologies. These could affect our ability or freedom to operate.	**Policies and procedures in place** • Science behind our ingredients (for example, health claims or nutritional impact) supported by credible sources, clearly communicated and understood by the relevant regulatory authorities. • A global regulatory team, supported by external consultants, that monitors local regulatory requirements affecting our products. • A global nutrition team which initiates and monitors research and publications on the use and functionality of our ingredients, and maintains a global network of health and nutrition clinicians, academics and experts. • Membership of trade organisations giving us access to broader sources of information and provide, where appropriate, a single voice for the industry on the issues (both regulatory and public interest) affecting our ingredients. • Strong relationships with regulatory authorities. • Clear information on our ingredients' provenance and traceability. • A Research Advisory Group, chaired by a non-executive director and comprising leading scientific experts, which reviews critical aspects of our innovation activities and provides guidance. **Key developments this year** • We expanded non-GM alternatives for a number of key product areas (such as texturants) and developed constructive relationships with certification companies. • We integrated our global regulatory team into ICD to ensure that the development of new ingredients goes hand-in-hand with regulatory approvals.
12. Failure to manage effectively changes in government regulations and/or trade policies	
Government actions or policies could cause changes in tariffs or customs duties or impose import/export limitations and other barriers. These could lead to additional costs for our business, restrict our growth and limit our ability to operate in certain markets.	**Policies and procedures in place** • Strategic engagement with political parties, influencers and regulatory authorities in the main countries in which we operate. • Active member of relevant industry trade associations, such as the Corn Refiners Association in the US. • A network optimisation model that enables us to adapt and optimise production across our plant network if there are market restrictions in certain countries, for example, by switching production to other plants. • A global plant network that allows customers to be served from different countries if products from certain markets are restricted or become less economically attractive. • Continued investment in resources and infrastructure across different markets and geographies that diversifies our business mix. **Key developments this year** • We carried out scenario-planning exercises to assess the impact of the change from the North American Free Trade Agreement to the new United States-Mexico-Canada Agreement. • We put in place a contingency plan in the event the UK leaves the EU without a deal.

Non-financial information regulation

Under sections 414CA and 414CB of the Companies Act 2006, as amended by The Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016, we must include in our Strategic Report, a non-financial information statement. Information required by these Regulations is included in Our business model (pages 20 and 21), Our people, Environment, health and safety, Community Involvement and Risk report from pages 44 to 65.

The Board approved the Strategic Report on pages 1 to 65 of this Annual Report on 22 May 2019.

By order of the Board

Claire-Marie O'Grady
Company Secretary

Changing formulations, changing lives

Cutting sugar in a traditional sweet treat

We are increasingly working with governments and public health bodies keen to improve the health of their citizens. When the Singapore government identified diabetes as one of the country's most pressing health issues, they directed their Health Promotion Board (HPB) to encourage food manufacturers to produce healthier options. The HPB and a key customer, Tung Lok Group, approached us to help.

As the leading manufacturer of a highly popular traditional sweet treat, the mooncake, Tung Lok was keen to reduce its sugar content. Our DOLCIA PRIMA® Allulose was the perfect fit; not only is it a great-tasting, low-calorie sugar, it doesn't raise blood glucose or insulin levels – as HPB and Tung Lok found out for themselves when they visited our London HQ to try it.

No half measures

Reformulating with DOLCIA PRIMA® Allulose and polydextrose fibre, our technical teams had to learn how these ingredients behaved in lotus-seed paste, a novel application for us. With Tung Lok turning most of their mooncake production over to the new, healthier version, only success would do.

Through our expertise in the complex science of sugar reduction, we were able to deliver the full package of taste, texture and better-for-you benefits. But would consumers like it? A double-digit jump in sales after the August 2018 launch gave a resounding 'yes' and further collaborations were soon in the pipeline.

Tung Lok's lower-sugar mooncakes

25%
less sugar

40%
less saturated fat

67%
more fibre

Governance report

Our team in Singapore working on the Tung Lok project

BOARD OF DIRECTORS

Our Board

DR GERRY MURPHY
CHAIRMAN AND CHAIR OF NOMINATIONS COMMITTEE

Date appointed to Board: January 2017

Independent: Yes on appointment

Aged: 63

Nationality: Irish

Skills and expertise:
Gerry started his career in the food and drinks sector and received his PhD in food technology. He has held a number of chief executive roles and has also been an investor and independent director in a number of international listed companies. His significant business and board level experience and a detailed understanding of UK corporate governance requirements enable him to provide the Board with valuable leadership.

Current external commitments:
- Chairman of The Blackstone Group's principal European entity
- Chairman of Burberry Group plc.

Previous roles:
Senior Managing Director in Blackstone's Private Equity group (2008 to 2017).
CEO of Greencore Group plc, Exel plc, Carlton Communications plc and most recently Kingfisher plc (2003 to 2008).
Held non-executive directorships in Intertrust NV, British American Tobacco plc, Invest Europe, Merlin Entertainments plc, Reckitt Benckiser plc, Abbey National plc and Novar plc.

NICK HAMPTON
CHIEF EXECUTIVE

Date appointed to Board: September 2014

Date appointed Chief Executive: April 2018

Independent: No

Aged: 52

Nationality: British

Skills and expertise:
Nick brings a wealth of food industry insights to the Board. His general management, financial and operational experience in senior management roles in a major multinational food and beverage business, combined with his experience in leading transformational projects provides him with the skillset required to inspire and lead the Group.

Current external commitments:
- Non-executive director and Chairman of the Audit Committee of Great Portland Estates plc.

Previous roles:
Held a number of senior roles over a 20-year career at PepsiCo, including Senior Vice President and Chief Financial Officer, Europe and President, West Europe Region and Senior Vice President Commercial, Europe. Prior to being appointed Chief Executive, he served as Chief Financial Officer of Tate & Lyle.

IMRAN NAWAZ
CHIEF FINANCIAL OFFICER

Date appointed to Board: August 2018

Independent: No

Aged: 45

Nationality: Luxembourger

Skills and expertise:
Imran brings with him deep experience of the global food industry and a proven track record of financial leadership. His broad financial, business and international experience with large multinational organisations makes him a versatile operational Chief Financial Officer.

Current external commitments:
- None

Previous roles:
Senior Vice President Finance, Europe at Mondelēz International and prior to that held a number of senior financial roles across Europe, the Middle East and Africa over a 16-year career at Mondelēz and Kraft Foods. In his earlier career, Imran worked for Deloitte and Philip Morris in corporate audit.

Board Committees
Certain responsibilities are delegated to three Board Committees, details of which are provided on pages 88 to 111.

A Audit Committee

R Remuneration Committee

N Nominations Committee

A R N

PAUL FORMAN
NON-EXECUTIVE DIRECTOR*

Date appointed to Board: January 2015

Independent: Yes

Aged: 54

Nationality: British

Skills and expertise:
Paul has wide experience in global manufacturing, commercial, as well as strategy consultancy and M&A advisory services. He brings insight to the commercialisation of innovation pipelines and the implementation of business-to-business customer and market-led strategies in a large multinational company. His experience as a CEO of a number of global companies enables him to provide valuable insights to the Board.

Current external commitments:
— Chief Executive of Essentra plc.

Previous roles:
Group Chief Executive of Coats plc and Low & Bonar PLC. Served as a non-executive director at Brammer PLC.

R N

LARS FREDERIKSEN
NON-EXECUTIVE DIRECTOR

Date appointed to Board: April 2016

Independent: Yes

Aged: 60

Nationality: Danish

Skills and expertise:
As the former CEO of a global speciality food ingredients business, Lars led a successful business transformation and his insights are invaluable to the Board as Tate & Lyle continues to evolve. He also brings operational expertise and an understanding of how to attract and retain talent in a global business.

Current external commitments:
— Chairman of Matas A/S
— Chairman of Atos Medical AB
— Non-executive director of Falck A/S
— Chairman of the Danish Committee for Good Corporate Governance
— Chairman of the Hedorf Foundation.

Previous roles:
CEO of Chr. Hansen Holding A/S from 2005 until retirement in March 2013, leading a transformation of the business and a successful listing on the Copenhagen stock exchange during that period. Prior to becoming CEO, held various management positions at Chr. Hansen.

A N

DOUGLAS HURT
SENIOR INDEPENDENT DIRECTOR AND CHAIR OF THE AUDIT COMMITTEE*

Date appointed to Board: March 2010

Independent: Yes

Aged: 62

Nationality: British

Skills and expertise:
Douglas is a chartered accountant and has extensive experience as a former finance director of a global manufacturing and business-to-business engineering group, and also in senior management roles in the US and Europe, which provides the Board with valuable perspectives and insights into financial and operational issues. In addition, his understanding of the London investment community and pension matters supports the Board in its oversight and decision-making roles.

Current external commitments:
— Senior Independent Director and Chairman of the Audit Committee of Vesuvius plc
— Non-executive director of BSI Group
— Senior Independent Director and Chairman of the Audit Committee of Countryside Properties PLC.

Previous roles:
Finance Director of IMI plc and held a number of financial and operational roles, including US and European senior management positions, at GlaxoSmithKline plc.

BOARD OF DIRECTORS (continued)

A R N

ANNE MINTO OBE
NON-EXECUTIVE DIRECTOR AND CHAIR OF THE REMUNERATION COMMITTEE

Date appointed to Board: December 2012

Independent: Yes

Aged: 65

Nationality: British

Skills and expertise:
Anne's extensive career in general management and human resources is particularly useful to the Board when considering succession planning, talent management, executive remuneration and other employee-related activities. She has a detailed understanding of how to attract and retain global talent and her experience on the boards of companies listed in both London and New York provide her with a detailed understanding of global executive remuneration practices and UK and US remuneration governance requirements.

Current external commitments:
- Non-executive director of ExlService Holdings, Inc.
- Chairman of the University of Aberdeen Development Trust
- Non-executive director of the Court of the University of Aberdeen.

Previous roles:
Non-executive director and chairman of the Remuneration Committee of Shire PLC (until April 2018). Group Director of Human Resources at Centrica plc from 2002 until retirement in 2011. Prior to that, held senior management roles at Shell UK and Smiths Group plc and was Deputy Director-General of the Engineering Employers' Federation.

R N

DR AJAI PURI
NON-EXECUTIVE DIRECTOR AND CHAIR OF THE RESEARCH ADVISORY GROUP

Date appointed to Board: April 2012

Independent: Yes

Aged: 65

Nationality: Indian/American

Skills and expertise:
Ajai's food science background and career in research and development in global food and beverage companies provides the Board with detailed technical knowledge and insights into market perceptions, nutrition and food and regulatory trends. His experience in the Asia Pacific region is of particular benefit as Tate & Lyle continues to focus on growth in emerging markets. His work with regulatory bodies and knowledge of nutrition, science and food regulation provides him with the skillset required to chair the Research Advisory Group and to support the Board and Tate & Lyle with valuable insights into how leading-edge science and technology can be successfully deployed as part of the Group's Food & Beverage Solutions portfolio.

Current external commitments:
- Non-executive director of Britannia Industries Limited
- Non-executive director of Firmenich SA
- Non-executive director of Global Alliance for Improved Nutrition (GAIN).

Previous roles:
President – Research, Development and Product Integrity and a member of the Executive Board of Koninklijke Numico N.V. from 2003 to 2007. Prior to this, held various management positions with The Coca-Cola Company, culminating in Senior Vice President Technical, The Minute Maid Company.

A N

SYBELLA STANLEY
NON-EXECUTIVE DIRECTOR

Date appointed to Board: April 2016

Independent: Yes

Aged: 57

Nationality: British

Skills and expertise:
Sybella has extensive commercial and financial experience and brings a wealth of knowledge about the London investment community and substantial experience of communicating with this and other investment communities outside the UK. Her long career in corporate finance and M&A is invaluable to the Board's consideration of strategic opportunities.

Current external commitments:
- Director of Corporate Finance at RELX Group plc
- Non-executive director of The Merchants Trust PLC
- Member of the Department of Business, Energy and Industrial Strategy's Industrial Development Advisory Board
- Co-chair of the Somerville College Oxford Development Board.

Previous roles:
Originally qualified as a barrister and, before joining RELX Group in 1997, was a member of the M&A advisory team at Citigroup and later Barings.

Board Committees

Certain responsibilities are delegated to three Board Committees, details of which are provided on pages 88 to 111.

A Audit Committee

R Remuneration Committee

N Nominations Committee

A R N

WARREN TUCKER
NON-EXECUTIVE DIRECTOR*

Date appointed to Board: November 2018

Independent: Yes

Aged: 56

Nationality: British

Skills and expertise:
Warren is a chartered accountant and has extensive experience as a former Chief Financial Officer of a large global manufacturing group where he also co-led the company's organic and strategic growth. His experience in large multinational and business-to-business organisations across several geographies and industries enables him to provide valuable insights to the Board. He also brings an understanding of the London investment community and UK shareholder institutions.

Current external commitments:
- Non-executive director of Reckitt Benckiser Group plc
- Non-executive director and Chairman of the Audit Committee of Survitec Topco Ltd.

Previous roles:
Executive director and Chief Financial Officer on the board of Cobham Plc for 10 years until 2013. Most recently non-executive director and Chairman of the Remuneration Committee of Thomas Cook Group plc. Also held senior finance roles at Cable & Wireless and British Airways, and a non-executive directorship at PayPoint plc.

* **Board changes**
Douglas Hurt will retire from the Board on 25 July 2019, following the Company's Annual General Meeting. Upon conclusion of the AGM, several further changes to Board responsibilities will come into effect, including the appointment of Warren Tucker as Chair of the Audit Committee and Paul Forman as Senior Independent Director. Kimberly Nelson will join the Board as a non-executive director on 1 July 2019.

GENDER DIVERSITY OF DIRECTORS
At 22 May 2019

DIRECTORS' NATIONALITIES
At 22 May 2019

TENURE OF NON-EXECUTIVE DIRECTORS
At 22 May 2019

EXECUTIVE COMMITTEE

Our executive team

Responsible for delivering our strategy and achieving business results.

NICK HAMPTON CHIEF EXECUTIVE
Nick became Chief Executive in April 2018, having joined as Chief Financial Officer in September 2014. He brings a wealth of food industry insights from his 20-year career at PepsiCo. He has general management, financial and operational experience through senior management roles, as well as experience in leading transformational projects. This provides him with the skills and attributes to inspire and lead the Tate & Lyle team.

Favourite food:
Marmite on toast for breakfast

Nationality:
British

IMRAN NAWAZ CHIEF FINANCIAL OFFICER
Imran joined Tate & Lyle in August 2018, bringing with him deep experience of the global food industry and a proven track record in financial leadership from his time at Mondelēz International and Kraft Foods. His experience at these and other large multinational organisations, along with his commercial acumen, makes him a key member of our leadership team.

Favourite food:
Sushi

Nationality:
Luxembourger

JOAN BRACA PRESIDENT, FOOD & BEVERAGE SOLUTIONS
Joan joined us in 2013 and led our Asia Pacific business before being appointed President, Food & Beverage Solutions, and to the Executive Committee, in May 2014. Joan spent 18 years in the speciality chemicals industry with Rohm & Haas in a diverse range of operational, commercial, and general management roles. She has worked in Singapore, China, Sweden, USA and the UK. As an inspirational leader with a strong track record of growing speciality businesses, Joan is well suited to lead our Food & Beverage Solutions business. She is also a non-executive director of Univar Solutions.

Favourite food:
Vietnamese Pho soup

Nationality:
American

JIM STUTELBERG PRESIDENT, PRIMARY PRODUCTS

Jim joined Tate & Lyle in 2014 from Pennsylvania-based PPG Industries Inc, where he led its Automotive Coatings business. Before that, he spent 17 years with Dow Corning Corporation in a variety of senior roles including five years working in Shanghai, China. His wide global and commercial experience makes him well-placed to lead our Primary Products business.

Favourite food:
Spicy hot pot from Western China

Nationality:
American

MELISSA LAW PRESIDENT, GLOBAL OPERATIONS

A chemist by training, Melissa joined Tate & Lyle in 2017 after 20 years in the oil industry. Before joining us, she was Head of the Global Specialities Division of Baker Hughes, a GE company. Prior to that, she held a series of senior management positions in Australasia and Gulf of Mexico in areas such as supply chain and research and technology. Her commitment to making our operations safe and productive places to work is making a real difference across Tate & Lyle.

Favourite food:
'I couldn't function without my morning protein shake.'

Nationality:
American

ANDREW TAYLOR PRESIDENT, INNOVATION AND COMMERCIAL DEVELOPMENT

Andrew joined Tate & Lyle in 2017 having spent 20 years at management consultancy firm Boston Consulting Group (BCG) where he was a Senior Partner and Managing Director working for clients all over the world. From 2008 he led BCG's global innovation practice. His wide experience of the food industry, and deep understanding of driving innovation in a global marketplace, is key to delivering our growth strategy.

Favourite food:
'Rocky Road ice cream – it's my dessert of choice.'

Nationality:
American

LINDSAY BEARDSELL EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL

Lindsay joined in September 2018 from GVC Holdings PLC where she was Group General Counsel. She studied local and European law in the UK, France and Germany, giving her a broad understanding of different legal environments. Lindsay brings a wide knowledge of corporate law and practical legal experience from her early career at Freshfields Bruckhaus Deringer, as well as from her years working in FTSE companies across a diverse range of sectors.

Favourite food:
'Fruit and veg – I went veggie when I was 10.'

Nationality:
British

LAURA HAGAN CHIEF HUMAN RESOURCES OFFICER

Laura joined Tate & Lyle in September 2018 from Dyson Ltd where she helped the business grow its global employee base more than tenfold, influencing the hiring and promotion of the top team. Her entrepreneurial spirit and understanding of how to get the best out of people, sharpened by previously setting up and running her own talent business, are crucial for the development of Tate & Lyle's people strategy.

Favourite food:
'I'd be happy to snack on charcuterie and cheese all day.'

Nationality:
British

ROWAN ADAMS EXECUTIVE VICE PRESIDENT, CORPORATE AFFAIRS

Rowan is the longest serving employee on our Executive Committee. He joined in 2001 and has since held a number of senior roles including leading our global strategy and communications teams. He became EVP, Corporate Affairs, and joined the Executive Committee in November 2014, and his current responsibilities include leading our global simplification programme. He has deep knowledge and understanding of the company and our industry.

Favourite food:
'I always order prawn cocktail if it's on the menu'

Nationality:
British

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

A year focused on strategy and stakeholders

The Board has been following closely the evolving corporate governance landscape and, specifically, the implications of the new UK Corporate Governance Code for Tate & Lyle. We wholeheartedly support the Code's emphasis on continuing board renewal and companies' responsibilities to a broader range of stakeholders. Nevertheless, the most valuable contribution we can make as a board, aside from good governance, is to support our executive team in developing the right strategy for our Group and implementing it in a focused and responsible way. This has been, and continues to be, our primary focus.

Our priorities during the year

Developing strategy

We've taken a number of 'deep dives' into key elements of our strategy, both during our annual strategy review and spread over our Board calendar. We looked at our organisational capability and culture in light of Nick's determination to Sharpen, Accelerate and Simplify Tate & Lyle. In particular, we looked at our sales and technical capabilities, our innovation pipeline, our emerging markets strategy and our productivity agenda.

Prioritising EHS

Our Journey to environment, health and safety Excellence (J2EE) was launched in January 2018. As we review its first full year, we're pleased to see real traction right across the Group, clearly visible as we go around our plants, offices and labs. Environment, health and safety (EHS) has been a big focus for the Board and will continue to be so alongside a wider view of sustainability. Nick reports EHS performance at every Board meeting, and our President of Global Operations and SVP Global EHS presented to us twice during the year on this topic. During these sessions, our recently appointed independent EHS expert also shared his perspectives on the progress of our J2EE relative to best-in-class standards.

Engaging with our workforce

How a board engages with a company's stakeholders, particularly its workforce, is a hot topic for corporate governance, specifically called out in the new UK Code. We agree with this emphasis. Put simply, our people are the key to the success of our Group. So we see it as the Board's responsibility to understand how our strategy is being received, understood and applied across Tate & Lyle.

GERRY MURPHY
CHAIRMAN

I believe that as a Board we already have good engagement with our workforce in many parts of the world. Nick and Imran speak openly with colleagues whenever they visit our plants and offices. In his first year as Chief Executive, Nick held nine town hall meetings at sites outside our London headquarters and has introduced new dialogue initiatives such as his monthly blog.

We also have an active programme of individual site visits by non-executive directors and this year we covered a number of sites in the US and Asia. I visited our plant in Loudon, Tennessee, USA and our offices and labs in Chicago, Shanghai and Singapore. The visits to Asia have enabled me to see and hear first-hand how our teams are grasping the opportunities and thinking about the challenges we face as we seek to expand our operations in the region, particularly in China. Loudon is a great facility that demonstrates the versatility of our Primary Products business as we seek new and profitable outlets for our starch substrate. I had some very valuable conversations with colleagues during the town hall meetings in the US and Asia, which gave me some new perspectives.

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The most valuable contribution we can make as a board, aside from good governance, is to support our executive team in developing the right strategy for our Group.

GERRY MURPHY, CHAIRMAN

We held our March 2019 Board meeting at our Commercial and Food Innovation Centre in Hoffman Estates, Illinois, USA, during which Nick and I co-hosted a town hall for everyone at the site (employees and contractors) attended by our non-executive directors. As a Board, we discussed how we would enhance our engagement with our people in the 2020 financial year and beyond (see page 87 for more information).

Our shareholders

As our owners, our shareholders are one of our key stakeholders. Understanding their views and concerns is fundamentally important to the Board. This year, I again spent valuable time with representatives of some of our major shareholders, both in one-to-one meetings and at our Capital Markets Day at the Commercial and Food Innovation Centre in Hoffman Estates, Illinois, USA in September, while our management and our brokers regularly update us on their interactions with shareholders. I also met some of our retail shareholders at our AGM.

During the year, we invited an independent consultant to survey shareholder sentiment and discuss this with the Board, while our Remuneration Committee Chair, Anne Minto, talked to shareholders about the proposed changes to bonuses and long-term incentive plans for executive management. These conversations told us that our executive management team is generally well perceived by investors; that our strategy and business model is well understood; and that Nick's focus on effective execution of the strategy is supported by our shareholders.

As always, I look forward to meeting shareholders who are able to attend our AGM on 25 July 2019.

Reviewing the effectiveness of our Board

Last year's externally facilitated review of Board effectiveness yielded some valuable pointers for improving our work and I'm pleased to say that we've acted on every one of these over the course of this year. Most notably, we reviewed our Board composition and succession planning (see our Nominations Committee report on page 92 to 93 for more details), and as mentioned above, we reviewed our executive incentives to make sure these continue to support our strategy (see our Directors' remuneration report on page 94 to 111).

We have just completed an internal self-assessment of the effectiveness of our Board and its committees this year. Our findings showed that the changes we made during the year have had a positive impact. This review also helped us to prioritise the activities of the Board and the Nominations Committee for the coming year. We will be paying greater attention to long-term succession planning at Board and executive level, and to managing and developing talent across Tate & Lyle.

Our focus for the 2020 financial year

Aside from this long-term succession planning, our energies this year will continue to be applied to supporting and challenging Nick and the management team to help deliver our strategy, particularly around people (including more direct engagement), productivity and growth, especially in emerging markets. We will also be keeping a close eye on how J2EE is progressing while considering a more holistic approach to sustainability for Tate & Lyle. ■

Gerry Murphy
Chairman

CORPORATE GOVERNANCE

Leadership

Our governance structure

The Group's primary decision-making body is the Board. It is accountable to shareholders for the Group's financial and operational performance, and is responsible for setting the strategy and ensuring that risk is managed effectively. The Board maintains a schedule of items which it is required to consider and approve. We review this schedule regularly and update it to reflect developments in corporate governance and emerging practice.

As shown in the diagram below, the Board has delegated certain responsibilities to a number of Committees. The Board retains overall accountability and the Committee Chairs are responsible for reporting back to the Board on the Committees' activities. Minutes of the Committees' meetings are made available to all Directors on the web-based Board portal.

The Board

Chaired by Dr Gerry Murphy

- Accountable to shareholders for the Group's financial and operational performance
- Sets the Group's strategy
- Oversees management's implementation of the strategy
- Monitors the operational and financial performance of the Group
- Sets the Group's risk appetite
- Ensures that appropriate risk management systems and internal controls are in place
- Sets the Group's ethics and culture, and agrees the Group's purpose and values
- Ensures good corporate governance practices are in place

Chief Executive

Nick Hampton

Audit Committee

Chaired by Douglas Hurt*

- Oversees financial reporting, internal financial controls and risk management systems, the risk management process, the internal audit function and the Group's relationship with the external auditors.

* From 25 July 2019 chaired by Warren Tucker.

Find out more p88 to 91

Nominations Committee

Chaired by Dr Gerry Murphy

- Makes recommendations to the Board regarding the structure, size, composition and succession needs of the Board and its Committees
- Reviews the performance of the executive directors. Oversees succession planning for Directors and senior management

Find out more p92 and 93

Remuneration Committee

Chaired by Anne Minto

- Recommends the Group's Remuneration Policy for executive directors. Sets and monitors the level and structure of remuneration for the executive directors and other senior executives
- Sets the Chairman's fee

Find out more p94 to 111

Executive Committee

Chaired by Nick Hampton

- Recommends strategic and operating plans to the Board
- Assists the Chief Executive in implementing the strategy agreed by the Board
- Monitors the performance of the two business divisions and global support functions
- Identifies, evaluates, manages and monitors risks facing the Group

Research Advisory Group

Chaired by Dr Ajai Puri

- Comprises external experts and senior Tate & Lyle managers
- Reviews the innovation pipeline
- Provides insights into how leading-edge science and technology could enhance the portfolio of the Food & Beverage Solutions division

The Executive Committee is supported by a number of operational committees, including the Environment, health and safety (EHS) Advisory Board, Operations Committee, Capital Approval Committee and Cyber Security Committee. Committees may also be established for a finite period to oversee key strategic or operational priorities.

KEY RESPONSIBILITIES OF THE BOARD

At the date of this Annual Report, the Board comprises the Chairman, two executive directors and seven non-executive directors. Their responsibilities are summarised below. There is a clear division of responsibilities: the Chairman leads the Board and the Chief Executive leads the business.

Chairman

Responsible for the effective operation, leadership and governance of the Board

- Chairs Board meetings, Nominations Committee meetings and the Annual General Meeting
- Sets the Board agenda with the Chief Executive and Company Secretary
- Facilitates active engagement by all Directors
- Sets the style and tone of Board discussions
- Ensures the Directors receive accurate, timely and clear information

Chief Executive

Responsible for proposing strategy to the Board and delivering it

- Runs the business
- Communicates within the organisation the Board's expectations with regard to culture, values and behaviours
- Ensures the Board is aware of current business issues

Chief Financial Officer

Responsible for the Group's financial affairs

- Contributes to the management of the Group's business
- Supports the Chief Executive with the development and implementation of the strategy

Non-executive directors

Responsible for overseeing the delivery of the strategy within the risk appetite set by the Board

- Advise and constructively challenge the executive directors
- Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance
- Perform his/her duties diligently and use best endeavours to promote, protect, develop and extend the business of the Group
- Devote time to develop and refresh knowledge and skills

Senior Independent Director

Responsible for ensuring that the Chairman's performance is evaluated

- Acts as a sounding board for the Chairman and supports him in the delivery of his objectives
- Serves as an intermediary with the Chairman for other Directors if necessary
- Maintains a comprehensive understanding of the major issues of shareholders and is available if shareholders have any concerns that they have been unable to resolve through the normal channels

Company Secretary

Responsible for maintaining the governance and listing rules compliance framework

- Supports the Chairman, Chief Executive and Committee Chairs in setting agenda items for Board and Committee meetings
- Advises the Board on developments in corporate governance, legislation and regulation
- Assists the Chairman and the Chief Executive in ensuring that the Directors are provided with relevant information in a timely manner
- Organises inductions for new Directors and ongoing training for all Directors

Compliance with the Code

The UK Corporate Governance Code (the Code) issued by the Financial Reporting Council in April 2016 is the standard against which we are required to measure ourselves for the year ended 31 March 2019. Throughout the year, the Company has applied the principles and fully complied with the Code.

The Code can be found at www.frc.org.uk.

CORPORATE GOVERNANCE (continued)

BOARD ACTIVITY DURING THE YEAR ENDED 31 MARCH 2019

The Board holds six scheduled meetings each year at Group locations and an off-site meeting to discuss strategy. This year's scheduled meetings were held in London at the Group's headquarters and at our Commercial and Food Innovation Centre in Hoffman Estates, Illinois, USA.

Strategy

- Undertook deep dives into each of our Primary Products and Food & Beverage Solutions divisions, considered the key growth drivers, markets and customers in each
- Reviewed the priorities identified for Innovation, Commercial and Development (ICD) and Food & Beverage Solutions in emerging markets in the 2020 financial year
- Approved the strategic review and subsequent sale of the oats ingredients business
- Reviewed the Group's strategic plan

Financial

- Approved the payment of the interim dividend and recommended payment of the final dividend
- Considered and agreed treasury and tax matters
- Approved the tax strategy
- Approved the Annual Operating Plan for the year ending 31 March 2020
- Approved the Annual Report 2018, the half- and full-year results and associated announcements
- Regular review of financial performance and forecasts

Operational/commercial

- Received presentations on projects underway to sharpen our sales and technical applications capabilities
- Received regular progress updates of the Group's new EHS strategy including from the independent safety expert appointed to the EHS Advisory Board
- Approved capital expenditure projects
- Reviewed developments in accelerating the impact of innovation in ICD
- Reviewed the Simplification/Productivity agenda and progress against it throughout the year

Internal control and risk management

- Considered and agreed the Group's risk appetite and principal risks
- Assessed the effectiveness of our internal controls and risk management systems
- Agreed the Modern Slavery Act statement available on the Company's website
- Agreed the Viability statement as disclosed in the Annual Report 2018
- Approved the adoption of a going concern basis of accounting in preparing the half- and full-year results

Governance and stakeholders

- Considered the output and recommendations from the Board effectiveness review
- Discussed feedback from institutional shareholders and analysts
- Considered the implications of the UK Corporate Governance Code 2018 and determined the actions necessary to implement the new provisions for the 2020 financial year
- Reviewed and approved Directors' register of interests

Leadership and employees

- Approved the appointments of Imran Nawaz as Chief Financial Officer and Warren Tucker as a non-executive director
- Endorsed the Chief Executive's appointment of Lindsay Beardsell and Laura Hagan to the Executive Committee
- Held a Chief Executive and Chairman-led Town Hall at our Commercial and Food Innovation Centre in Hoffman Estates, Illinois, USA and a Chairman-led Town Hall at our Singapore office
- Reviewed diversity, talent management and bench strength within the organisation

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS DURING THE YEAR

Directors as at 31 March 2019	Board	Audit Committee	Nominations Committee	Remuneration Committee
Dr Gerry Murphy	8/8	5/5[1]	2/2	7/7[1]
Nick Hampton	8/8	n/a	n/a	n/a
Imran Nawaz[2]	5/5	n/a	n/a	n/a
Paul Forman	8/8	5/5	2/2	7/7
Lars Frederiksen	8/8	n/a	2/2	7/7
Douglas Hurt	8/8	5/5	2/2	n/a
Anne Minto	8/8	5/5	2/2	7/7
Dr Ajai Puri	8/8	n/a	2/2	7/7
Sybella Stanley	8/8	5/5	2/2	n/a
Warren Tucker[3]	3/3	2/2	1/1	2/2

1 Although not a Committee member, attended the Committee meetings by invitation.
2 Appointed a Director with effect from 1 August 2018.
3 Appointed a Director with effect from 19 November 2018.

Effectiveness

The Board regularly reviews the balance of experience, skills, gender and diversity of thinking styles around the boardroom table to ensure that the composition of the Board and its Committees is appropriate for the Group as it continues to evolve and implement the strategy. The Board and its Committees carry out a formal effectiveness review process once a year which provides new insights into the operation of the Board and areas for development or particular focus.

Board composition

At the date of this Annual Report, the Board comprised 10 Directors with deep knowledge and experience in diverse business sectors within global markets: the Chairman, who has no executive responsibilities; two executive directors; and seven non-executive directors. The names, skills and experience of the Directors are set out on pages 68 to 71.

Appointment to the Board

The Nominations Committee has responsibility for the appointment of non-executive and executive directors and recommends new appointments to the Board. In April 2018, the Nominations Committee recommended the appointment of Imran Nawaz as Chief Financial Officer. During the year, the Nominations Committee carried out Board composition and succession planning generally and in respect of the role of Audit Committee Chair and Senior Independent Director. The Board approved the Nominations Committee's recommendation that Warren Tucker be appointed as a non-executive director and subsequently approved in May 2019, that he become Audit Committee Chair designate; that Paul Forman be appointed Senior Independent Director designate; and that Kimberly Nelson be appointed a non-executive director. Further details about these appointment processes are set out in the Nominations Committee report on page 93.

Re-election of Directors

The Code provides that all Directors should seek re-election on an annual basis and all Directors (with the exception of Douglas Hurt), including Kimberly Nelson who will be joining the Board on 1 July 2019, will seek re-election at the forthcoming AGM. The Directors standing for re-election, with the exception of Nick Hampton and Imran Nawaz, do not have service contracts.

Each Director goes through a formal performance review process as part of the annual Board effectiveness review. All Directors completed this process during the year and, in line with the Code, Anne Minto and Dr Ajai Puri, who have both served for over six years, have been subject to a particularly rigorous review.

Independence

The Code provides that the Board should state its reasons if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the Director has served on the Board for more than nine years from the date of his or her first election.

With the exception of Dr Gerry Murphy, who, as Chairman, is presumed under the Code not to be independent, the Board considers all the non-executive directors to be independent, including Douglas Hurt who, although he had served nine years on the Board in March 2019, continues to provide rigorous, independent challenge to management. In light of the Code's independence provisions, Douglas will not be seeking re-election at the forthcoming AGM.

Directors' interests

During the year, no Directors had a material interest in any contract with the Group, being a contract of significance in relation to the Group's business. A statement of Directors' interests in Company shares is set out on page 111.

Directors' induction programme

In those years in which new Directors join the Board, the Company Secretary works with each Director to tailor an induction programme which covers strategy, operations (including safety and environmental performance), risk management and internal control.

CORPORATE GOVERNANCE (continued)

2019 Board effectiveness review

The Board conducted an internally facilitated review for the 2019 financial year having conducted an externally facilitated review in 2018 financial year. This was a confidential questionnaire-based review of the Board and its Committees. The questionnaires were completed by regular management attendees as well as by the Directors. The results were analysed and the findings and suggested follow-up actions were discussed with the Chairman and provided to all Directors. The main recommendations identified by the review and the actions agreed by the Board include:

Issue/recommendation	Action
Board and Committee composition and succession planning	– The Nominations Committee will consider Board Committee composition and succession planning in the 2020 financial year.
Executive Committee succession planning	– Consider succession planning over the longer term for the Executive Directors and members of the Executive Committee.
Overseeing the culture, purpose and values of the organisation	– The Board will continue to focus on culture and how our purpose is embedded throughout the organisation through business reviews at the Board, feedback from the Chief Executive and the newly appointed Chief Human Resources Officer and through its workforce engagement activities.
Long-term strategy and macro-trends	– As part of its annual strategy day meeting, the Board will consider the longer-term strategy for the Group and the impact of changing consumer trends on our customers.
Emerging markets strategy	– The Board will continue to hold deep dives into key areas of the business with a focus on our emerging markets' strategy and capabilities.

Review of the Committees

In addition to the Board effectiveness review, the chairs of the Nominations, Audit and Remuneration Committees led the review of their Committee's effectiveness. These reviews confirmed that all Committees continue to provide effective support to the Board. Areas for further focus are noted in the individual Committee reports.

Review of individual Directors

Dr Gerry Murphy led performance reviews of the non-executive directors, while the Nominations Committee reviewed the performance of the Chief Executive, Chief Financial Officer and the other members of the Executive Committee. These reviews confirmed that each Director continues to make an effective contribution to the Board's work and is well-prepared and informed about issues they needed to consider. In each case, their commitment remains strong.

Professional development and independent site visit programme

Directors receive ongoing training and updates on relevant issues as appropriate, taking into account their individual qualifications and experience. The Company Secretary helps Directors undertake any other professional development they consider necessary to assist them in carrying out their duties.

During the year, in addition to the Board's visit to the Commercial and Food Innovation Centre in Hoffman Estates, Illinois, USA, the Chairman visited our sites in Shanghai, Singapore and Loudon, Tennessee and other non-executive directors visited our sites in Singapore, Hoffmas Estates, Illinois, USA and Dayton, Ohio, USA. These visits provide Directors with the opportunity to interact with local management and to gain in-depth knowledge about the opportunities and challenges for the Group's operations across the world.

Advice and support

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board follows due process, and that the Company complies with applicable rules and regulations.

There is also a formal procedure whereby Directors can obtain independent professional advice, if necessary, at the Company's expense.

Directors' conflicts of interest

Directors have a statutory duty to avoid situations in which they may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. As permitted under the Companies Act 2006, the Company's Articles of Association allow Directors to authorise conflicts of interest and the Board has an established policy and set of procedures for managing and, where appropriate, authorising, actual or potential conflicts of interest.

The key elements of those procedures are as follows:

- 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, for instance through the agreement and implementation of guidelines and protective measures regarding the ongoing management of any situational conflict
- Directors are required to declare other situations which could result in a potential conflict of interest
- Any potential conflicts of interest in relation to proposed Directors are considered by the Board prior to their appointment
- The Board reviews Directors' actual or potential conflicts of interest at least annually.

During the year, the Board assessed and approved potential conflicts, together with guidelines and protective measures as appropriate.

Directors' indemnities and insurance cover

As at the date of this Annual Report, the Company has agreed to indemnify the Directors, to the extent permitted by the Companies Act 2006, against claims from third parties in respect of certain liabilities arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company and any of its subsidiaries. The Directors are also indemnified against the cost of defending a criminal prosecution or a claim by the Company, its subsidiaries or a regulator, provided that where the defence is unsuccessful, the Director must repay those defence costs. These indemnities are qualifying indemnity provisions for the purposes of Sections 232 to 234 of the Companies Act 2006, and copies are available for inspection at our registered office during business hours on any weekday except UK public holidays.

The Company also maintains Directors' and officers' liability insurance cover, and reviews the level of cover each year.

Accountability

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving the Group's strategic objectives and for maintaining sound risk management and internal control systems.

Risk management and internal control

A formal process is in place which aims to identify and evaluate risks and how they are managed, further details of which are set out on pages 59 and 60.

The objective of the internal control system is to protect the Group's assets and reputation and to ensure the reliability of financial information for both internal use and external publication. The systems of internal control and risk management cannot eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss.

An overview of the Group's internal control system is set out on page 82 with details of those people or functions responsible for managing or monitoring risks set out on page 83.

2019 review of the effectiveness of the system of internal control

The Board monitors the effectiveness of the Group's systems of internal control and risk management throughout the year. Once a year, the Board, supported by the Audit Committee, conducts its own review of the effectiveness of the systems of risk management and internal control. As last year, the 2019 review was facilitated by Group Audit and Assurance and covered the period from the start of the financial year to the date of this Annual Report. The process included a two-stage review to facilitate discussion, with the Audit Committee discussing the results of the review at their meetings in March and May 2019. The Board then discussed the output at its meeting in May 2019.

The 2019 review covered financial, operational and compliance controls, our values and behaviours, and the risk management process, and included questionnaires and representation letters completed by management. Group Audit and Assurance monitored and selectively checked the results of the review, ensuring that the responses from management were consistent with the results of its work during the year. As part of this process, areas for enhancements to internal controls, and associated action plans to deliver them, were identified. Delivery of these enhancements is being monitored by the Audit Committee or the Board as appropriate.

The Board considers that none of the areas identified for improvement constituted a significant failing or weakness.

CORPORATE GOVERNANCE (continued)

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

The system has four broad areas

Risk assessment

- Risk assessments are undertaken as part of 'business as usual' as well as through a more formalised enterprise risk management process

Tone from the top and business environment controls

- Our values framework and Code of Ethics
- The Group policies framework
- Business performance management processes, covering planning, budgeting and performance
- Schedule of matters reserved to the Board and terms of reference for Board Committees
- A clear organisational structure with responsibility, accountability and limits of authority clearly defined for employees
- Segregation of duties of employees

Information and communication controls

- Board and Executive Committee reporting framework
- Communication protocols for external communications
- Whistleblowing process

Monitoring controls

- Controls monitoring by dedicated teams covering, for instance, finance, safety, product quality, intellectual property and cyber security
- Framework of reviews by appropriately qualified people

Financial reporting internal control system

This system covers the financial reporting process and the Group's process for preparing consolidated accounts. It includes policies and procedures which require:

- The maintenance of records that, in reasonable detail, accurately and fairly reflect transactions including the acquisition and disposal of assets
- Reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards and local GAAP
- Reasonable assurance regarding the prevention or timely detection of unauthorised use of the Group's assets.

We also have specific disclosure controls and procedures around the approval of the Group's financial statements. Twice a year, representatives from the business units certify that they have complied with the minimum control standards and that their reported information provides a true and fair view of the state of the financial affairs of their division and its results for the period. The results of this financial disclosure process are reported to the Audit Committee.

Speak Up (whistleblowing)

Speak Up, the Group's whistleblowing programme, has been in place for a number of years in all operations controlled by the Group. This programme, which had been monitored by the Audit Committee, is designed to enable employees, contractors, customers, suppliers and other stakeholders to raise concerns confidentially about conduct they consider contrary to the Group's values. It may include, for example, unsafe or unethical practices, or criminal offences.

The Speak Up programme provides a number of ways to raise concerns including a telephone reporting line, email, and a web-based reporting facility. These multilingual communication channels are operated by independent service providers who submit reports to the Speak Up Committee for investigation as necessary.

Reports received during the year were kept strictly confidential and the concerns identified were referred to appropriate managers within the Group for resolution. Where appropriate, action was taken to address the issues raised. The reports were analysed and monitored to ensure the process continued to be effective. The Audit Committee and the Board received analysis of all reports submitted via the Speak Up programme during the year.

In accordance with the 2018 Corporate Governance Code, the Speak Up programme will be monitored by the Board with effect from 1 April 2019.

Internal control system

Body	Responsibilities
The Board	— Determines the level of risk that it is prepared to accept in the business (risk appetite). — Agrees the Group's principal risks for disclosure in the Annual Report. — Oversees the strategies for managing principal risks.
Audit Committee	— Reviews aspects of the risk management and internal control systems for risks within its remit and reports to the Board. — Discusses regular reports from the VP, Group Audit and Assurance (internal audit). — Carries out a formal review of the effectiveness of the internal control and risk management systems and reports to the Board on the output of that review at least once a year.
Executive management	— Works within the risk appetite and develops the mechanisms and processes to direct the organisation through setting the tone and expectations from the top, delegating authority and monitoring compliance.
Line management	— Manages risk and ensures that mitigation is operated across the business which is appropriate and in accordance with the accountability framework. — Has primary responsibility for compliance with Group policies, our values and legal requirements. — Within certain functions, notably safety and product quality, separate assurance teams oversee the effective operation of controls.
Employees	— Manage risks within their predefined accountabilities. — Are trained on, for example, safety, cyber security, competition law and anti-bribery and corruption to increase their awareness of risks (training may be tailored and/or mandatory).
Group risk manager	— Works with executive and line management to help identify, measure, mitigate, monitor and report principal risks.
Risk management committees	— Review certain risks and controls and monitor initiatives to strengthen controls. — Comprise senior management and functional specialists. — Examples include the Cyber Security Committee which considers cyber security risks, and the regional Control Environment Councils which consider regional financial risks and controls.
Group Audit and Assurance (internal audit)	— Provides objective assessment of the appropriateness and effectiveness of the Group's internal control systems to the Audit Committee and to the Board. — Has the authority to review any relevant aspect of the business and a duty to report on any material weaknesses. — Develops and works to a risk-based internal audit plan which is approved by the Audit Committee and which is regularly updated.
External assurance providers	— The external auditors and other specialists commissioned by the Board from time to time to supplement internal processes as appropriate.

CORPORATE GOVERNANCE (continued)

Stakeholder engagement

At Tate & Lyle, we engage with a wide range of stakeholders, all of whom are essential in enabling us to do business across the world. The table below describes our key stakeholders and why they are important to us. It gives a flavour of the types of interactions we have with them and the positive benefits those interactions can bring.

	Shareholders	Customers	Employees
Who they are	Our shareholders take many forms from major investors (including pension funds) to individual 'retail' shareholders, many of whom are, or have been, Tate & Lyle employees.	We serve a wide range of customers in more than 120 countries worldwide, from large multinationals, to regional companies, to smaller family-run businesses. These customers operate mainly in the food, beverage and industrial markets.	Over 4,100 talented people with a range of capabilities and skills who work to deliver for our customers every day across the world.
Why they matter	Our shareholders are investors in and owners of our business, providing the capital we need to invest in and grow the business.	As a business-to-business company, all the ingredients we make are sold to our customers. Our ingredients are valuable to our customers because they add functionality, taste and nutrition to their products.	Everyone at Tate & Lyle plays a key role in driving our success by partnering with each other in an agile way to deliver a consistently great service for our customers, to ensure our plants run safely and efficiently, and that new products are created that provide solutions to address our customers' and consumers' needs.
How we engage with them	Engagement takes various forms throughout the year: by members of management, our Chairman and our Investor Relations team. For more information see page 86.	Our aim is to move from being an ingredient supplier to a growth partner for our customers. To do this, we maintain close relationships with our customers at all levels of their organisation, from the CEO to R&D to Sales and Marketing.	We listen to our employees to gain their insight and feedback through a range of channels such as team meetings, town halls and pulse surveys. This feedback helps us to take actions and establish programmes to develop and stretch our employees in order to help them both deliver our strategy and fulfil their personal goals.
The impact of those interactions	Our engagement activities provide opportunities for management and the Board to communicate our strategy and performance, and to listen and understand shareholders' views and concerns. Our major investors have told us that our strategy is well understood and the management team which the Chief Executive has put in place is generally well perceived. The Board and management team are aware that our shareholders are increasingly interested in environmental, social and governance issues. This was one of the reasons why we disbanded our Corporate Responsibility Committee last year, bringing these matters back under the direct supervision of the full Board.	Our ingredients help our customers meet growing consumer demand for food and drink which is lower in sugar, calories and fat, and with more fibre, and also that taste great. Our industrial starches also enhance the performance of our customers' products, from paper production to adhesives, to applications in building supplies.	Having the right culture is central to our success. People are at their best when they feel they are contributing to the Group and are fully engaged and happy in their work. See pages 44 to 47 for more details on our people and how we engage with them.

Suppliers

We work with a wide range of third-party suppliers. For example the farmers who grow and supply the corn we use in our ingredients, the contractors who carry-out maintenance at our plants, IT systems and software providers who optimise our business and freight and logistics companies who transport our products.

We cannot conduct or grow our business without the products, expertise, advice and support of our suppliers.

We have a dedicated Procurement function based around the world which engages with our suppliers to optimise the way we work with them. We build relationships globally, regionally and locally with our suppliers to better understand the markets where we source.

By leveraging third-party relationships we are able to be more agile and meet ever-changing customer demands. This also limits our supply risk across an increasingly complex global supply network.

Communities

The communities in which our plants and offices are based are quite diverse. They include, for example, towns in more rural areas of the Mid-West, US or Slovakia where we are a major local employer, to large cosmopolitan cities like London, Shanghai and Sao Paulo where we have offices and labs.

It's where our employees and their families live and where we recruit many of the people who work for us. It's also important that, as a significant local employer in some locations, we support the local community not only through charitable involvement but as a responsible and sustainable local manufacturer.

Our community involvement programme is centred around three main areas: health, hunger, and education, with a particular emphasis on supporting children and young adults. We support local projects within these areas based on local needs.

Through a range of wellbeing programmes, STEM grant programmes, and partnerships with local food banks, we have helped to improve the lives of thousands of people in our local communities. See pages 56 and 57 for more detail. We have also taken actions to improve our environmental performance reducing CO_2e emissions from our plants by 20.4% since 2008 (see page 53 for more detail).

Regulators

We engage with national and supra-national regulators who approve the safety of, and determine the labelling specifications for our ingredients.

Before our new ingredients can be incorporated into our customers' products they must be approved by regulatory authorities.

We have a dedicated team of regulatory experts based around the world who actively engage with regulators to provide evidence of and answer enquiries about the safety and quality of our ingredients.

By helping regulators understand our ingredients we speed up the process of regulatory approval. For example, we recently received a decision by the US Food and Drug Administration (FDA) to exempt allulose from the 'Sugars' and 'Added Sugars' lines of the Nutrition Facts Panel in the US and simply label allulose in the ingredients list. This enables our customers to deliver both calorie and sugar reduction in consumer end products where the ingredient is used.

Governments

We interact with governments and their agencies at a federal, state and local level in many of the countries in which operate.

Government policies on trade and tariffs, safety and product quality, tax and inward investment, among others, all have an impact on how we do business.

We meet periodically with federal, state and local officials in most of the countries where we have operations. We are also members of major trade associations in our key markets, such as the Corn Refiners Association in the US.

Government policies and legislation, in areas such as trade and tax, can have an impact on our ability to operate competitively, and sell and transport our products around the world. At a more local level, permits are needed to operate or expand our production facilities.

CORPORATE GOVERNANCE (continued)

SHAREHOLDER ENGAGEMENT

We are committed to maintaining an open dialogue with shareholders, debt investors and potential investors and recognise the importance of that relationship in the governance process.

We have a focused investor relations programme that aims to help existing and potential investors understand the Group. We provide feedback from the investment community to all Directors regularly to ensure they understand the views expressed by major investors.

Institutional investors

The Chief Executive, Chief Financial Officer and VP, Investor Relations maintain a programme of meetings with institutional shareholders from the UK, Europe, North America and Asia.

In September, we held a Capital Markets event at the Commercial and Food Innovation Centre in Hoffman Estates, Illinois, USA and at the Sagamore corn wet mill in Lafayette, Indiana, USA. Presentations were made by members of the Executive Committee, and the event was attended by institutional investors and financial analysts. The Chairman also attended. The presentation materials from this event are available on the Company's website.

Prior to the AGM 2018, Dr Gerry Murphy held meetings with a number of the Company's larger institutional shareholders. Anne Minto, Chair of the Remuneration Committee, offered meetings to the Company's principal investors in relation to the review of executive incentive arrangements (see page 94 for more information). All Directors received periodic updates on investor communication activities.

Analysts

As well as the full-year and half-year results presentations to investors and analysts, we host conference calls after any trading updates are issued. We publish any presentations, together with the associated announcements, on the Company's website and we also make any audio recordings available for a short period after each event. The Chief Financial Officer and VP, Investor Relations also meet regularly with analysts.

Independent feedback on our investor relations programme

In the financial year, an external investor relations advisor undertook a comprehensive review of investor perceptions of the Group, management, strategy and communications. The output from this review was presented to the Board in January 2019 and actions taken forward by management. Recommendations included continuing to build a broader shareholder base in the UK and US, and putting increasing emphasis on the Group's Environmental, Social and Governance (ESG) credentials as these are becoming increasingly important to investors.

Other capital providers

The Chief Financial Officer and Group Treasurer regularly meet with our committed lending banks and bond holders and ratings agencies (Standard & Poor's and Moody's).

Private (retail) shareholders

We encourage private shareholders to provide feedback to the Board via the Company Secretary. We also include a questions card with the AGM documentation sent to shareholders so that those who cannot attend the meeting have the opportunity to ask questions.

Annual General Meeting

The AGM provides all shareholders with the opportunity to question the Board on matters put to the meeting, including this Annual Report. Shareholders who attended last year's AGM received a presentation from the Chief Executive on the Group's activities and performance.

The 2019 AGM will be held at Glaziers Hall in London on Thursday 25 July 2019 at 10.30 am. Full details are set out in the Notice of AGM. Resolutions are decided by means of a poll and the votes received in respect of each resolution, together with the number of abstentions, are announced through a regulatory information service and published on the Company's website. Shareholders can choose to receive shareholder documentation, including the Annual Report, electronically or in paper format, and may submit proxy votes and any questions either electronically or by post.

Investor calendar

Set out below is a summary of our major investor activity during the year.

May 2018
- Full-year results issued
- Investor roadshow meetings in UK

June 2018
- Investor roadshow meetings in UK and US
- Investor conference in France
- Annual Report published

July 2018
- Annual General Meeting in UK

September 2018
- Capital Markets event in US
- Investor conference in UK

November 2018
- Half-year results issued
- Investor roadshow meetings in UK and US
- Investor conferences in US
- Remuneration Committee Chair consultation programme

December 2018
- Investor conference in UK

February 2019
- Trading statement issued

March 2019
- Investor conferences in UK
- Investor meetings in UK

EMPLOYEE AND WIDER WORKFORCE ENGAGEMENT

The Board considered the 2018 UK Corporate Governance Code requirements on workforce engagement and developed an approach, explained further below, to comply with the Code which applies to Tate & Lyle from 1 April 2019.

Our approach: to build on the mechanisms and practices we already have in place, in particular the individual non-executive director site visit programme, and to broaden the scope of engagement below the senior management levels of the organisation.

Understanding our workforce

Increase employee voice	Introduce local site ambassadors who will act as conduits for two-way communication between the local site and management/the Board.
Mechanisms for wider engagement	◆ Where practical, Chairman/Committee Chairs will host town halls for the workforce when on site visits. ◆ Individual non-executive director site visits will include round tables and/or listening/focus groups with members of the workforce. ◆ We will expand the pool of management attendees at Board meeting lunches and receptions. ◆ We will create opportunities for Chairman/non-executive directors to meet high-potential talent at local sites when on site visits. ◆ Our Worldwide employee magazine will include interviews with the Chairman and other Board members. ◆ Board members will have the opportunity to meet local site ambassadors while on site visits.
Feedback from Board members	Board members will continue to brief the full Board following their interactions with members of the workforce.
Increase information to the Board	The Chief Executive's regular management report to the Board will include more information on people, communications and engagement, with inputs from the Chief Human Resources Officer and the VP, Global Communications.
Reporting back to the workforce	We will communicate actions taken as a result of the engagement via a combination of: the Chief Executive; the Chief Human Resources Officer; the VP, Global Communications; the Worldwide employee magazine; the Chairman; and our local site ambassadors.

Our workforce: we consider our workforce to include employees, contractors (in post for three months or more), representatives in countries where we do not have employees and contingent labour. We will not include temporary contract labour (of less than three months), service provision workers, outsourced contracts consultants and staff at our joint ventures. ■

AUDIT COMMITTEE REPORT

Focusing on a smooth audit transition

> The Committee has been focused on ensuring a smooth audit transition and monitored EY's review of the Group's accounting practices, policies and processes.

As Audit Committee Chair, I am pleased to present the Committee's report for the year.

In addition to our usual matters, including the financial results for the full year and half year, applicable accounting policies and going concern assumptions, we continued with our practice of looking in depth at certain aspects of the control environment. These included an impact assessment of new accounting standards, in particular IFRS 16, a review of our Food & Beverage Solutions and Global Operations Finance functions, receiving an update on our ethics and compliance programme and cyber and IS/IT controls. The Committee joined by other Board members also reviewed the key risks, processes and controls within our Commodities operations. Our external auditor, Ernst & Young LLP (EY), also joined this session providing an independent view and feedback on how our processes and practices compare to other companies in our industry. Finance and operational leaders attended the Committee meetings at which these detailed reviews were held.

As disclosed previously, EY became our external auditor from the beginning of the 2019 financial year following a formal audit tender process and having received shareholder approval at the Company's 2018 AGM. The Committee has been focused on ensuring a smooth audit transition and monitored EY's review of the Group's accounting practices, policies and processes to understand any differences in approach or interpretation.

During the year, a new head of Group Audit and Assurance (internal audit) was appointed and the Committee led the appointment process. Further details of the role and activities of the function are set out on page 91.

I look forward to meeting those shareholders who are able to attend our forthcoming AGM. ■

Douglas Hurt
Chair of the Audit Committee

DOUGLAS HURT
CHAIR OF THE AUDIT COMMITTEE

Committee governance

Responsibilities

The Committee assists the Board by overseeing financial reporting, internal controls and the risk management process, the Group Audit and Assurance (internal audit) function and our relationship with the external auditors. Further details of its responsibilities are in the Committee's terms of reference, on the Company's website, www.tateandlyle.com.

Composition

The Committee currently comprises five independent Directors: Douglas Hurt (Chair), Anne Minto, Paul Forman, Sybella Stanley, and we welcomed Warren Tucker on to the Committee upon his appointment to the Board on 19 November 2018.

The Code stipulates that:

i. *the Committee as a whole shall have competence* relevant to the sector in which the Company operates. The Committee considered that it does, as a whole, have extensive experience of global manufacturing and supply organisations, and of business-to-business groups, some experience of commercialisation of innovation pipelines and a wealth of knowledge and understanding of the London investment community and governance matters. It continues to strengthen the competencies of its members through ongoing development programmes and updates.

ii. at least one Committee member should have recent and relevant financial experience. Douglas Hurt and Warren Tucker met this requirement. Douglas was Finance Director at IMI plc and is a Fellow of the Institute of Chartered Accountants in England and Wales. Warren was Chief Financial Officer of Cobham plc and is a chartered accountant.

The Company Secretary is the secretary to the Committee.

Meetings during the year

Meetings are generally scheduled in line with key times in the Group's financial reporting calendar. The Committee held five scheduled meetings during the year. Attendance during the year is set out on page 79.

The Committee has also met once since the end of the financial year and prior to the signing of this Annual Report.

The Chief Financial Officer; VP, Group Audit and Assurance; Group VP, Finance and Control; Executive VP, General Counsel; and representatives of the external auditors are normally invited to and attend each meeting. The Chairman of the Board and Chief Executive are also invited to and attend Committee meetings. In addition, senior finance and operational leaders attend and present to the Committee on an ad hoc basis, depending on the issues being discussed.

Effectiveness

The Committee Chair carried out an internally facilitated review of its effectiveness and the output was discussed by the Committee. This concluded that the Committee continued to operate effectively and identified a number of areas to focus on next year which include effectiveness of the new external auditors, resources of the finance function and the effectiveness of the overall risk management infrastructure.

Work undertaken during the year

The Committee maintains a calendar of items for consideration at each meeting and reviews and updates it regularly. As well as the work referred to above, the Committee focused on four main areas: financial reporting, oversight of the external auditors, oversight of the internal audit function, and internal control and risk management.

Financial reporting

At each of its meetings, the Committee reviewed and constructively challenged the accounting judgements and disclosures set out in the papers prepared by management and determined, with the help of the external auditors, the appropriateness of these. The significant issues considered by the Committee in relation to this year's financial statements are listed on page 90.

The Committee also considered management's review of reported and adjusted earnings, reviewed and challenged the impairment assessments performed during the year, and satisfied itself that significant one-off items of income and expense had been correctly classified and appropriately disclosed. Papers on the Group's existing and emerging litigation risks were also considered.

External auditors

PricewaterhouseCoopers LLP (PwC) were the Group's auditors for the financial year ending on 31 March 2018. Following an audit tender described in our Annual Report 2018, EY was appointed the Group's auditors at the Company's AGM on 26 July 2018 for the financial year ended 31 March 2019. In accordance with the Competition and Markets Authority Order and the Committee's terms of reference, the Committee agreed the fee and scope of the statutory audit for the year ended 31 March 2019.

Safeguarding the auditors' independence

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; and partner rotation.

During the year, the Committee reviewed the processes that the external auditors have in place to safeguard their independence, and received a letter from the external auditors confirming that, in their opinion, they remained independent.

Provision of non-audit services

The policy also sets out the circumstances in which the external auditors may be permitted to undertake non-audit services and the services which are not permitted under any circumstances, such as the provision of remuneration advice and internal audit outsourcing.

The Committee reviews the policy and considers quarterly reports which set out any non-audit services provided by the auditors and the fees incurred. Under our policy on non-audit services, which is in accordance with the Revised Ethical Standard 2016 published by the Financial Reporting Council, the Chief Financial Officer has authority to approve the permitted services up to £10,000 with any amounts above that limit requiring approval of the Committee Chair or the Committee.

The total amount payable in respect of the Group audit and audit of subsidiaries was £2.4 million, and £0.1 million was in respect of the review of the half-year results. Fees paid in respect of non-audit services therefore comprised 4% of the total fees paid to EY.

Effectiveness of the external auditors

Following the conclusion of the audit for the year ended 31 March 2018, the Committee conducted an internal review of the effectiveness of the external auditors. As part of the process, the Committee reviewed the auditors' performance against criteria set at the start of the audit, together with feedback from management at Group and divisional levels. It also considered:

- The most recent report by the Financial Reporting Council (FRC) in June 2018 on the audit quality inspection of PwC
- The FRC's guidance on evaluating audit quality which suggested reviewing the external auditors' competence in the following areas:
  - making appropriate judgements about materiality
  - identifying and focusing on the areas of greatest risk
  - designing and carrying out effective audit procedures
  - understanding and interpreting the evidence they obtain
  - making reliable evaluations of that evidence
  - reporting clearly and honestly.

Feedback was also sought from PwC on the contribution from our management team to an effective audit.

The Committee concluded that the external audit process was effective and that PwC provided effective and independent challenge to management.

AUDIT COMMITTEE REPORT (continued)

Significant accounting matters considered by the Committee

Area	Background	Committee's activities and conclusion
Commodity risk	We use commodity contracts to manage and hedge our corn positions in the US. The valuations of the corn book and the co-products produced as part of the corn wet milling process, which are both underpinned by a number of judgements, have a material impact on the reported results of the Group.	The Committee considered the work performed by management and the external auditors before concluding that the judgements made in determining the accounting treatments and valuations of the corn and co-products positions were appropriate. This will continue to be a key area of focus for the Committee. The Committee and members of the Board had a deep dive session on Commodities in March 2019. This session was jointly presented by senior management and EY, who provided an independent view and feedback on how we compared to other comparable companies.
Taxation	We operate and pay taxes in a number of jurisdictions, which requires the interpretation of complex tax law. As such, we make provision for potential direct tax exposures with local tax authorities and reassess this as necessary at the half-year and year-end. Our assessment is underpinned by a range of judgements from tax professionals and external advisors.	The Committee reviewed the key judgements made in estimating the Group's tax charge along with the key disclosures, set out on page 29 and in Note 11. The Committee was satisfied that the judgements made in estimating the Group's tax charge were reasonable, and that the disclosures were appropriate. The Committee considered the appropriateness of tax provisions at the balance sheet date, including amounts provided in respect of Group financing structures, US tax risks and global transfer pricing risks. The Committee concluded that the measurement and disclosure of these provisions were appropriate.
Adoption of IFRS 16	We have operating lease agreements for certain land, buildings, plant and equipment that are short, medium and long term in duration. A number of judgements are required when assessing the impact of adopting IFRS 16.	The Committee received regular feedback on the work performed by management to assess the impact of IFRS 16 on the Group's financial statements and key performance measures. The Committee constructively challenged management on the proposed transition approach and the key decisions (including determining discount rates and the classification of agreements potentially within the scope of the new standard). The Committee concluded that the transition approach, the disclosure and key judgements were appropriate. Disclosure on the impacts of adoption are disclosed on page 30. The Company will adopt IFRS 16 from the year commencing 1 April 2019.
Impairments	We test all goodwill for impairment annually, and, additionally, test all assets where there has been a previous impairment or where an indicator of potential impairment is considered to exist.	The Committee reviewed the annual goodwill impairment assessment. In light of the continued integration of its operating businesses during the 2019 financial year, management reviewed the allocation of goodwill, and determined that in most cases the synergies to which the goodwill relates are now realised at the level of the Group reportable segments. In cases where operating businesses are not integrated into the respective business divisions, it will be tested on a standalone basis. The Committee scrutinised management's rationale for the proposed approach, and subsequently concluded that it was appropriate. The Committee concurred with management's assessment that other than the oats ingredients business, no impairments were required and concluded that the impairment disclosures were appropriate. Further disclosure is set out in Note 18.
Exceptional items	We exclude from our alternative performance measures exceptional items which are material in amount and that are outside the normal course of business or relate to events which do not frequently recur, and therefore merit separate disclosure in the financial statements.	The Committee constructively challenged the judgement of management regarding the measurement and classification of exceptional items. The Committee also considered the appropriateness of the associated disclosures and concluded that both the judgements made and the disclosures proposed were reasonable. See page 29 and Note 8 for further details.

External auditors (continued)

Effectiveness of the external auditors (continued)

Following the appointment of EY as external auditors, the Committee and EY agreed the process and criteria for assessing the effectiveness of the audit for the financial year under review. This will be by way of a questionnaire to be completed by the Committee members and certain members of senior management at Group and divisional level. Additionally, the assessment will include a face-to-face interview by a senior EY partner, who is independent of the audit process, with the chair of the Committee, the Chief Financial Officer and the Group VP, Finance and Control. The outcome of the assessment will be used to develop an audit improvement plan for the following year's audit.

The Committee carried out an initial assessment of performance and effectiveness of EY, taking into account input from management, and considered that the transition had been executed satisfactorily and the first full year audit had been effective and brought fresh perspective and challenge.

The Committee recommended and the Board intends to propose the reappointment of EY as the Company's auditors for the 2020 financial year. Accordingly, a resolution to reappoint EY as auditors will be put to the shareholders at the Company's 2019 AGM.

Tenure of the external auditors

As mentioned earlier in the report, EY was appointed by shareholders in 2018 following a formal tender process. Subject to continuing satisfactory performance, we anticipate that the lead audit partner, Lloyd Brown, will rotate after his fifth year as lead audit partner i.e. after the financial year 31 March 2023. It is the intention of the Company to put the external audit contract out to tender at least every 10 years.

The Audit Committee considers that the Company has complied with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

Internal audit – Group Audit and Assurance

Group Audit and Assurance (GAA) is an internal function that services the Board and all levels of management. It provides objective assurance to add value and improve the Group's operations. Its responsibilities include evaluating and reporting on the adequacy and effectiveness of the systems of risk management and internal controls as operated by management. Management remains responsible for identifying risks and for the design and operation of controls to manage risk.

GAA operates on a global basis through professionally qualified and experienced individual members located in London, UK and the US. They report to the VP, GAA, based in London, who in turn reports directly to the Chairman of the Audit Committee. The Committee received, considered and approved the internal audit plan for the 2019 financial year which was constructed using a risk-based approach to cover the Group's control environment. The plan was based on the premise that all businesses are audited at least once every three years, with the exception of our businesses based in emerging markets which are visited more frequently. In the 2019 financial year, a total of 42 audit assignments were undertaken covering a broad range of areas including financial controls compliance and operational effectiveness. The Committee received a report from the VP, GAA at each of its meetings detailing progress against the agreed plan, key trends and findings and an update on the progress made towards resolving open issues.

During the year, the Chair of the Committee led the appointment of the new VP, GAA and an external search firm was used to assist with this appointment. A list of candidates from a diverse range of individuals meeting the attributes required for the role was prepared and interviewed by a working party. The final candidate was recommended for approval by the Committee.

The Committee also reviewed the effectiveness of GAA this year. It was undertaken by way of a questionnaire and feedback was sought from senior management and external auditors. The Committee concluded that the function continues to operate effectively.

Internal control and risk management

The Committee continued to receive and consider regular reports from management and the VP, GAA on the effectiveness of the Group's risk management system during the year.

The Committee also reviewed the operation of the Group's whistleblowing programme (Speak Up) and the analysis of reports submitted via the Speak Up programme, and receives updates on the Ethics and Compliance programme. See page 82 for further information on Speak Up.

Throughout the year, the Committee focused in particular on strengthening the financial control environment and the impact of this on financial reporting processes. The Committee reviewed controls to mitigate fraud risk and the Group assurance map, a tool which sets out the assurance processes and the three lines of defence model. It also considered the results of the annual review of the effectiveness of internal financial reporting controls and then reported to the Board.. Further details about this review are on page 81. ■

NOMINATIONS COMMITTEE REPORT

Board composition

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This year, we've strengthened the Board to help support our new management team to deliver our strategy over the coming years.

GERRY MURPHY
CHAIR OF THE NOMINATIONS COMMITTEE

Executive directors

Last year, my first as Chairman of Tate & Lyle, our Nominations Committee focused on identifying and appointing our executive directors. We appointed Nick Hampton as Chief Executive to succeed Javed Ahmed, and, in April 2018, announced the appointment of Imran Nawaz as Chief Financial Officer to replace Nick.

Non-executive directors

This past financial year, my fellow directors and I have focused on the succession of non-executive directors, in two ways.

First, we planned for the succession of the Audit Committee Chair. In light of the Corporate Governance Code provisions on tenure, namely that non-executive directors (NEDs) should stay for nine years at most, Douglas Hurt (Audit Committee Chair and Senior Independent Director) will not be seeking re-election at this year's AGM. Warren Tucker, who joined the Board in November 2018, will take over from Douglas as Audit Committee Chair and Paul Forman will become the Senior Independent Director following our AGM on 25 July 2019.

Second, we reviewed the overall composition of the Board to make sure we have the right skills and experience to support our new management team in delivering our strategy over the coming years. We worked with an external consultant, who interviewed the Board and executive team. With her input, we made a number of recommendations, which we will seek to implement over the coming years. The first, recognising the importance of the US, both in terms of our customers and our operations, was the appointment of a new NED with both US and food and beverage experience. I'm delighted to welcome Kimberly (Kim) Nelson to our Board from 1 July 2019.

Diversity at and below the Board

We believe that a diverse and inclusive culture supports better business performance, growth and innovation. So we're pleased that our Board will be 30% women and 30% BAME (black, Asian or non-white minority ethnic) as of 25 July 2019. We are mindful of the target set by the Hampton-Alexander Review that, by 2020, at least 33% of board members in FTSE 350 companies are women, and we have made good progress towards this target. However, the most important factor when choosing a new NED will always be their skills and expertise, and we will continue to choose the best available candidate regardless of their background. Of course, we will continue to insist on diverse candidate lists for each appointment to make sure we are casting our net as widely as possible.

I'm pleased to see that at the executive management team level, the appointment in 2018 of Lindsay Beardsell and Laura Hagan to Nick's Executive Committee means that 44% of his leadership team are now women.

Priorities for the year ahead

Now that we have a new executive team in place, our Nominations Committee will begin looking at long-term succession planning for the executive directors and other members of the management team. We believe that good succession planning starts well in advance of any need for change and requires a good understanding of potential internal candidates and their development needs. Therefore, we will be reviewing the talent management processes throughout Tate & Lyle, to make sure that we are able to develop our people to their fullest potential. Also, given that two of our NEDs have been in post for seven years, we're starting to think about their successors. ■

Gerry Murphy
Chair of the Nominations Committee

Committee governance

Responsibilities

The Committee assists the Board by reviewing the size and composition of the Board, including succession planning, and the leadership needs of the Group generally. It recommends candidates for appointment as Directors and as Company Secretary and reviews the performance of the Executive Directors. Further details of its responsibilities are in the Committee's terms of reference, on the Company's website, www.tateandlyle.com.

Composition

During the financial year under review, the Committee comprised the Chairman of the Company and all independent Directors. The Company Secretary is the secretary to the Committee.

Meetings during the year

Meetings are generally held around the time of scheduled Board meetings. The Committee held two scheduled meetings during the year.

Attendance during the year is set out on page 79.

The Chief Executive, the Chief Human Resources Officer and the VP, Global Talent are invited to attend and present to the Committee on an ad hoc basis, depending on the issues being discussed.

Effectiveness

The Committee carried out an internally facilitated review of its effectiveness and the output was discussed by the Committee. This concluded that the Committee continued to operate effectively and confirmed that the focus for the coming year would continue to be on Board succession planning, particularly long-term planning for the Executive Directors, as well as succession planning for other members of the executive management team.

Work undertaken during the year

The Committee maintains a calendar of items for consideration at each meeting and reviews and updates it regularly.

Board succession planning

Appointment of Warren Tucker as a non-executive director

As part of its routine succession planning for the Audit Committee, the Nominations Committee commenced a search to appoint a new non-executive director with financial expertise. The Committee retained Spencer Stuart to assist with the search.

A Board sub-Committee identified the skills and experience necessary and desirable for a Board member and a member of the Audit Committee and potential Audit Committee Chair and the search advisors prepared lists of potential candidates meeting the specification. The Board appointed Warren Tucker, with effect from 19 November 2018.

Appointment of Kimberly Nelson as a non-executive director

During the course of the year, the Board appointed Milena Djurdjevic of Calibro Consulting to assist the Board in a review of its composition and its future compositional needs. Milena interviewed the Board and executive team and made a number of recommendations. As a first step, Board members decided to appoint a new non-executive director with US and food and beverage experience.

A detailed job specification was prepared and Heidrick & Struggles were appointed to assist with the search. All members of the Board interviewed a number of potential candidates.

Following the recommendation of the Nominations Committee, Kimberly Nelson will become a director of the Board with effect from 1 July 2019.

Both Spencer Stuart and Heidrick & Struggles are signatories to the Voluntary Code of Conduct for Executive Search Firms and have a good understanding of the Group's business.

Board diversity

As described in the Nominations Committee Chair's report, the Board believes that a diverse and inclusive culture is a driver of superior business performance, growth and innovation. The Board has a clear policy on diversity that acknowledges that the Board's perspective and approach can be greatly enhanced through gender, age and cultural diversity, notwithstanding the overriding principle that each member, and potential member, of the Board must be able to demonstrate the skills, experience and knowledge required to contribute to the overall effectiveness of the Board. Wherever feasible, the Committee uses search firms who are signatories to the Voluntary Code of Conduct for Executive Search Firms which seeks to address gender diversity on boards and best practice for the related search processes.

When considering candidate directors, the Committee looked at a number of different criteria, including gender, age, culture and personal attributes such as thinking style. This was reflected in the long lists and shortlists of possible candidates.

As at the date of this Annual Report, the Board comprises the Chairman, two executive directors and seven non-executive directors. Female representation (two Directors) equates to 20% of the Board.

Diversity below the Board

We recognise that to be a successful company, we must be both diverse and inclusive. We expect everyone, everywhere, to play a role in ensuring we become a truly diverse and inclusive organisation where differences are respected and everyone's contributions are valued.

Our Group human resources policy records our commitment to providing opportunities for all colleagues irrespective of (among other things) sex, race, ethnicity, colour, religion, background, age and sexual orientation.

Succession planning

The Committee also considered succession plans for senior executive roles. During the year, members of the Committee participated in two new appointments to the Executive Committee: Lindsay Beardsell, Executive Vice President, General Counsel and Laura Hagan, Chief Human Resources Officer.

Performance evaluation

The Committee evaluated the performance of each of the Executive Directors and reported its conclusions to the Remuneration Committee. ■

DIRECTORS' REMUNERATION REPORT

Aligned remuneration and strategy

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Proposed changes to the incentive framework simplify our arrangements and are aligned with our investment case.

Business performance context

As you will have read in the introductory statements in this Annual Report, we are pleased to report good operational and solid financial performance during the year, despite facing significant external cost pressures. Group financial highlights include:

- 4% increase[1] in adjusted profit before tax
- 4% increase[1] in adjusted diluted earnings per share
- *Adjusted free cash flow higher at £212 million*
- Four-year US$100 million productivity programme on track, with benefits offsetting inflationary headwinds
- Full-year dividend increased by 2.4%

1 Percentage change figures are in constant currency for continuing operations.

Incentive outcomes for the year

The headline incentive outcomes for the year reflect the operational and financial performance of the business:

- **Annual bonus plan:** awards for the year are at around half of the maximum, reflecting solid profit and cash performance relative to stretching targets set at the start of the year; and Food & Beverage Solutions delivered 3% volume growth.
- **Performance Share Plan (PSP):** awards made in 2016 will vest at 75% of maximum, having reached the end of their three-year performance period. Adjusted return on capital employed in the year to 31 March 2019 of 17.1% and adjusted profit before tax compound annual growth of 16.9% over the three-year period both exceeded the performance required for maximum vesting; while the component linked to three-year profit growth in the Food & Beverage Solutions division did not meet the stretching target we set at the start of the period.
- **Total remuneration outcomes:** are above 'target' but below 'maximum' policy levels, which the Committee considers to be consistent with the performance and financial health of the business.

ANNE MINTO
CHAIR OF THE REMUNERATION COMMITTEE

Review of incentive plans to accelerate business performance

As referenced in my introductory statement last year, the Committee has completed a review of incentive arrangements to ensure they support the Group strategy and long-term growth ambition of the business, which is aligned with the priorities to accelerate performance approved by the Board following Nick Hampton's appointment as CEO on 1 April 2018.

The specific proposals (described in detail on pages 104,106 and 107) are within the scope of our existing shareholder approved Remuneration Policy, and will simplify our overall approach and drive alignment with our strategy and priorities for long-term growth. The proposals will also reduce the maximum executive director's remuneration opportunity going forward.

We consulted in detail on these proposals with a broad group of our largest shareholders in the latter part of 2018, and are pleased with the level of support that shareholders indicated for the new framework.

New incentive framework (within existing Policy)

Annual bonus:

- Replace current, relatively complex, 'multiplier' approach with a simpler model with metrics that operate independently, to improve transparency and clarity
- 80% will remain based on financial performance - Group profit has the greatest weighting (counting for half of this element)
- Introduce an element (20% of total) linked to the achievement of non-financial strategic objectives, to focus on the actions and performance necessary to create additional value over time
- Reduce the maximum potential bonus to 150% of salary (175% in current policy), with threshold at 20% (previously nil) and target remains at 75% of salary, being 50% of maximum.

Performance Share Plan:

- Align performance metrics with the investment case to drive long-term value creation: EPS growth (40%), ROCE (40%) with Food & Beverage Solutions volume growth (20%) as a lead indicator of value growth.
- Retain 3-year performance period and subsequent 2-year holding period.

Other key activities during the year

In addition to the responsibilities of the Committee (which are described in summary on page 100), the Committee spent significant time on matters relating to the following key items during the year:

- **Senior executive appointments:** during the year, key appointments at Executive Committee level were made to ensure we continue to have a strong balance of skills and experience across the broader executive team. The Committee carefully considered appropriate remuneration terms in relation to each of these appointments.
- **Policy on retirement benefit levels:** the Committee considered this topic, noting emerging external guidance. Retirement benefit levels were reduced in 2018/19 to 25% of salary for the CEO (previously 35%) and 20% for CFO (previously 25%). The Committee has adopted a limit, in practice, of 20% of salary for new appointments, in line with the benefit level currently provided to a broader group of employees in the business. The Committee will keep emerging practice under review ahead of formal Policy renewal at the 2020 AGM.

  Post-employment shareholding requirements: the Committee considers that a number of features in our existing arrangements provide for a continuing alignment with shareholders' interests post-employment, for example: existing 'good leaver' provisions do not result in accelerated vesting. We introduced a post-vesting holding period on PSP awards from 2016; and our demanding personal shareholding requirements (4x salary for the CEO; and 3x salary for other Executive Committee members) ensure that executives build a meaningful stake in the business. We will keep these provisions under review as we renew our Policy in 2020.

Executive director pay and the broader workforce

The Committee recognises that a good understanding of broader workforce pay and conditions can provide helpful context for the Committee's decision-making on executive director pay, alongside other relevant factors. The Committee currently draws on information relating to broader pay practices in a number of ways, for example: as part of the annual salary review, review of gender pay and CEO pay ratios, and ensuring the same principles apply in setting targets for incentive programmes, as well as considering executive director incentive outcomes in the context of the broader senior management population.

Building on this approach, the Committee has set aside time in the annual cycle of meetings for the year ahead to specifically consider workforce remuneration and related policies in greater detail.

Gender pay and CEO pay ratios

We employ a relatively small proportion of our people in the UK and our two employing businesses in the UK are each significantly below the 250 employee threshold for reporting gender pay statistics. However, the Committee oversaw our voluntary reporting relating to gender pay, as well as the actions taken in the business to drive gender balance. These actions continue, and we firmly believe that all employees contribute to the performance of the Group and should have equal opportunity to develop according to their individual abilities.

The Committee has, for a number of years, reviewed CEO pay ratio data on an aggregated global basis, and is pleased to include with this report a snapshot of our CEO-employee pay ratio for the UK business on a voluntary basis this year (see page 98).

Remuneration Policy and shareholder approval

Our Policy was approved by shareholders at the 2017 AGM with 97% of votes in favour.

The Committee is satisfied that this Policy continues to provide for a strong alignment between Group performance and the remuneration of executive directors and, as stated in this Report, we intend to continue to operate within this approved Policy during the financial year ending 31 March 2020.

A resolution to approve the Report, which contains key information on the way in which our Policy has been implemented during the year ended 31 March 2019, will be proposed at the AGM on 25 July 2019.

In closing, I would like to thank my fellow members of the Committee for their diligence and engagement through the year, particularly with regard to the additional matters we have considered in relation to the review of incentive arrangements and senior executive appointments. Additionally, I would like to personally thank our advisors, Deloitte, and the members of the internal team for the excellent support they have provided to the Committee. ■

Key sections of this Report

DIRECTORS' REMUNERATION REPORT (continued)

AT A GLANCE

Remuneration strategy and key principles

The Group's remuneration strategy and supporting principles, which apply consistently to employees, managers and executives, are summarised below:

The Group's remuneration strategy is to provide competitive packages that enable the Group to recruit, retain and motivate high-calibre individuals in the markets in which we operate so that we may deliver consistently strong operational performance and financial results

- Base pay and benefits are referenced to the comparative local market, taking account of company size and operations
- For all employees, our framework for assessing performance and potential provides meaningful opportunities for career and salary progression, based on each individual's skills and contribution over time
- Below executive level, key individuals who have a specific accountability for driving annual and longer-term performance may be selected to participate variously in our sales incentive plan, the annual bonus plan, and the Performance Share Plan
- Incentive opportunities for eligible roles provide meaningful rewards for superior performance and encourage the achievement of genuinely stretching short-term and long-term objectives
- Our approach is intended to be equitable and transparent and operate across the Group, recognising that we recruit talented individuals and operate in an international market
- All aspects of remuneration are designed to encourage a focus on long-term, sustained performance and risk management. Outcomes must be achieved in a way that is consistent with the Group's values and Code of Ethics, and that foster sustainable, profitable growth
- Alignment with shareholders' long-term interests is carefully preserved, for example, through: a significant proportion of senior executive pay being based on performance; effective governance around remuneration decisions; a considered approach to setting demanding performance targets that challenge management to drive superior performance; the adoption of shareholding guidelines at senior executive levels; and malus and claw back provisions on incentive awards.

Overview of our executive director remuneration framework for year ended 31 March 2019

We received strong shareholder support for our Directors' Remuneration Policy (Policy) at the 2017 AGM, and no changes to the Policy are proposed for the year ahead. As planned in last year's Report, we undertook a review of the operation of our incentive programmes and have consulted widely with our largest shareholders on proposed changes for the year ahead. These proposals, and the rationale for the changes, are discussed in detail on pages 104, 106 and 107.

Base salary and employment benefits ●	— Market competitive elements to attract the right calibre of executives (including health cover, car and defined contribution retirement benefits). Retirement benefit levels were reduced in 2018/19 to: 25% for CEO and 20% for CFO relative to previous Policy levels.
Annual bonus[1] **2018-2019 metrics:** **- Group profit** **- FBS volume** **- Cash flow** ●○○	— Rewards achievement against annual performance objectives: — Max cash bonus is 100% of salary — Max opportunity is 175% of salary; reducing to 150% in the year ahead — Any award over 100% of salary is paid in shares, deferred for two years — Chief Executive target: 75% of salary — Chief Financial Officer target: 50% of salary
Performance Share Plan: **- Group profit growth (25%)** **- FBS[1] profit growth (25%)** **- Group ROCE (50%)** ●●●○○	— Supports the Group's strategy to create shareholder value from Food & Beverage Solutions-led growth and to motivate and retain senior talent: — Max award is 300% of salary — 15% vesting at 'threshold' — Awards subject to a three-year performance period plus a two-year post vesting holding period – five years in total
Shareholding requirements ▶▶▶▶▶	— Chief Executive – 4 times salary — Chief Financial Officer – 3 times salary
Claw back and malus provisions	— Apply for two years after a bonus award or vesting of PSP awards

Key: Number of years: ● Performance period ○ Deferral/holding period ▶ Ongoing requirements

1 Food & Beverage Solutions (FBS) metrics relate to the reportable segment.

Incentive pay outcomes reflect good operational and solid financial performance during the year, despite facing significant external cost pressures – leading to total executive director remuneration outcomes for the year at between 'target' and 'stretch' levels.

Key performance indicators for financial year 2019

Our remuneration arrangements have a clear link to key performance indicators (KPIs) which are aligned with our business strategy.

Food & Beverage Solutions volume	Adjusted profit before tax[1]	Return on capital employed[1]	Adjusted free cash flow[1]
+3%	**+4%** in constant currency	**+90bps**	**£212m**

1 Adjusted results and a number of other terms and performance measures used in this Annual Report are not defined within accounting standards. For clarity, we have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in IFRS, and the calculations, where relevant, of any ratios, in Notes 1 and 4.

Performance highlights and incentive outcomes for the year

Annual bonus

Metric	Target[1]	Actual[1]	vs target
Group adjusted profit before tax	£287m	£291m	+£4m
Food & Beverage Solutions volume	+4.5% vs prior year	+3% vs prior year	- 1.5%
Adjusted operating cash flow	£270m	£285m	+£15m

Bonus award to Chief Executive: 53% of maximum and Chief Financial Officer: 41% of maximum

1 Bonus targets and actual performance are assessed at constant (budget) exchange rates.

See page 103 for more detail

Performance Share Plan (2016 Award)	Targets (threshold-stretch)	Actual (2016-2019)
Adjusted Group profit before tax from continuing operations (25%)	5% – 10% compound annual growth over three years	16.9% (above stretch)
Food & Beverage Solutions profit before tax from continuing operations (25%)	8% – 13% compound annual growth over three years	3.9% (below threshold)
Adjusted Group ROCE on continuing operations (50%)	12% – 16% at the end of the performance period	17.1% (above stretch)

75% of the award made in 2016 will vest, based on the combination of Group profit before tax and ROCE performance.

See page 105 for more detail

Remuneration Policy scenarios and actual outcome for the year (CEO / CFO)

Chief Executive (£000s) – Nick Hampton

Chief Financial Officer (£000s) – Imran Nawaz[1]

1 FY19 actual reflects part year figures, reflecting an appointment date of 1 August 2018.

DIRECTORS' REMUNERATION REPORT (continued)

This Report has been prepared in accordance with the requirements of the Companies Act 2006 (the Act) and Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code. Ernst & Young LLP have audited such content as required by the Act (the information on pages 108 to 111 marked as '(audited)'.

CONTEXT FOR DIRECTORS' REMUNERATION POLICY

We operate in an international context

Although we are UK-listed and headquartered in London, UK, only c.2% of our sales[1] are made to the UK and only c.6% of our global workforce are located in the UK. Accordingly, it is important that our remuneration arrangements are competitive in that international context.

1 Geographic sales (from continuing operations) as per Note 5.

Consideration of shareholder views

The Chair of the Remuneration Committee engages with our major institutional shareholders each year specifically on remuneration topics, alongside the Board's shareholder engagement programme.

The Committee also receives regular updates on investors' views and corporate governance matters. These lines of communication ensure that emerging best practice principles are factored into the Committee's decision-making during the year.

During the past year, the Chair consulted with a broad group of our largest shareholders, regarding proposed changes to the operation of our incentive arrangements for the year ahead (as discussed on pages 104,106 and 107), and we are pleased to note the levels of support expressed during those discussions.

Our current Directors' Remuneration Policy was formally approved at the AGM in 2017, and the proposed changes to our remuneration arrangements do not require any change to the scope of that Policy.

Statement of consideration of employment conditions in the Group

The principles on which we base remuneration decisions for executives (as described on page 96) are broadly consistent with those on which we base remuneration decisions for all employees. In particular, the Committee takes into account the general pay and employment conditions of other employees of the Group when making decisions on executive directors' remuneration. This includes considering the levels of base salary increase for employees below executive level, and ensuring that the same principles apply in setting performance targets for executives' incentives as for other relevant employees of the Group. The Committee also reviews information on bonus payments and share awards made to the broader management of the Group when determining awards and outcomes at executive director level.

During the year, the Committee considered the provisions of the updated FRC Corporate Governance Code, and has developed plans for the year ahead to consider workforce remuneration in greater detail, and to engage with employees on the matters covered by the Code.

Gender pay ratio

We employ a relatively small proportion of our people in the UK and our two employing businesses in the UK are each significantly below the 250 employee threshold for reporting gender pay statistics. However, the Committee oversaw our voluntary reporting relating to gender pay, as well as the actions taken in the business to drive gender balance. As discussed in Our people report (see page 46), we aim to attract an inclusive and diverse workforce that reflects the communities in which we operate. We firmly believe that all employees contribute to the performance of the Group and should have equal opportunity to develop fully according to their individual abilities.

CEO pay ratio

Key principles of our people strategy are to provide competitive remuneration for each role in a way that enables the Group to recruit, retain and motivate high-calibre individuals so that we may deliver consistently strong operational performance and financial results; and to provide opportunities to employees for career and salary progression over time, reflecting each individual's contribution and capabilities.

Reflecting our commitment to high standards of governance and transparency, the Committee is pleased to provide a voluntary disclosure of the ratio of CEO pay to UK employee pay. Data representing employees at the 'median' and 'upper' and 'lower' quartiles is as follows:

CEO Pay ratio vs UK employees

Year	Lower Quartile	Median	Upper Quartile
2019 – pay ratio (total compensation)	74x	39x	20x
Representative employee salary	£37,250	£61,760	£107,993
Representative employee total compensation	£41,240	£77,670	£155,140

In the table above, total compensation has been calculated for individual UK employees as at 31 March 2019 for comparison with the CEO 'single figure' total compensation figure in the table on page 108, adjusted only to provide a consistent comparison of employee data on a full-time equivalent basis.

The Committee notes that the median pay ratio figure of 39 has fallen year on year (2018 – c.50). This in part reflects structural reductions in base salary and retirement benefit levels for the CEO role from 1 April 2018, as well as lower comparable incentive plan outcomes.

The Committee notes that the 'median' employee is not a participant in the long-term performance share plan. As such, the ratio remains sensitive to financial performance and consequently incentive plan outcomes and share price performance (which may lead to greater variability in the CEO pay figure as compared with the broader employee group) over time.

DIRECTORS' REMUNERATION POLICY

Executive directors' remuneration consists of base salary, annual bonus, long-term incentives, and retirement and other benefits as summarised in the 'at a glance' section on page 96. Each component has a clear purpose, and the variable elements are driven by KPIs which have a clear link to strategy. Malus and claw back provisions apply to incentive awards following release, and a strong alignment with shareholders' interests is maintained through significant personal shareholding requirements imposed on each Director. Safety and broader corporate responsibility matters are specific factors that the Committee may factor into decisions on pay and annual incentive plan outcomes.

The Directors' Remuneration Policy (Policy) is published on pages 78 to 85 of our Annual Report 2017, and is available on the Company's website (www.tateandlyle.com/annualreport2017). The Policy was formally approved by shareholders at the AGM on 27 July 2017 (with 97% of votes cast to support the resolution).

As a Committee, we believe that our Policy continues to provide an effective overall framework that is aligned with long-term success and returns to shareholders. No changes have been made to the Policy, and we intend to operate within this Policy (incorporating the changes to incentive plans described in this Report which are within the scope of the Policy) during the financial year ending 31 March 2020.

The Committee retains discretion on specific aspects of Policy and implementation, as described in the Policy, along with an overriding discretion to determine bonus outcomes and judge the level at which share awards vest, to ensure that payments are consistent with the underlying financial health and performance of the business, within the maximum opportunity stated in the policy tables.

The Committee may make minor changes to the Policy without seeking shareholder approval, for example, to benefit the administration arrangements, or to take account of changes in legislation. Any such changes would be disclosed in the relevant Annual Report.

Service contracts

The Group's policy regarding executive directors' service contracts and appointment terms is to take account of market practice, and to ensure that provisions in relation to notice periods or termination payments are not excessive, as well as to ensure that contracts provide appropriate protection for the Group, for example, in relation to restrictions on competition, solicitation of customers or employees, and the protection of intellectual property. Executive directors are employed under service contracts that provide for six months' notice from the executive and 12 months' notice from the Company.

The Chairman and non-executive directors have letters of appointment and do not have service contracts or notice periods. Under the terms of their appointment, they are usually expected to serve on the Board for between three and nine years, subject to their re-election by shareholders. The Chairman and non-executive directors receive a fee for their services, and do not participate in the Group's incentive or pension schemes, do not receive any other benefits, and have no right to compensation if their appointment is terminated.

Service contracts for executive directors and letters of appointment for the Chairman and non-executive directors are available for inspection at the Company's registered office.

Executive directors' external appointments

The Board believes that the Group can benefit from executive directors holding external non-executive directorships. Such appointments are subject to approval by the Board and are normally restricted to one position for each executive director. Fees may be retained by the executive director concerned.

ANNUAL REPORT ON REMUNERATION

Statement of shareholder voting

The Remuneration Policy was approved by shareholders at the AGM on 27 July 2017. The last Annual Report on Remuneration was approved by shareholders at the AGM on 26 July 2018. The following voting outcomes were disclosed after the relevant AGM:

Resolution	Total for (number of votes)	% of vote	Total against (number of votes)	% of vote	Votes withheld[1] (number of votes)
Directors' Remuneration Policy – 27 July 2017	295 458 658	97.16	8 622 530	2.84	79 662[2]
Annual Report on Remuneration – 26 July 2018	251 899 633	91.06	24 742 882	8.94	2 939 939[3]

1 Votes withheld are not counted in the calculation of the proportion of votes for or against a resolution.
2 At the AGM on 27 July 2017, there were 465,684,612 ordinary shares in issue and eligible to vote, excluding treasury shares.
3 At the AGM on 26 July 2018, there were 467 322 424 ordinary shares in issue and eligible to vote, excluding treasury shares.

Implementation of the Remuneration Policy in the financial year ending 31 March 2020

The Committee intends that the Policy approved by the shareholders at the AGM on 27 July 2017 will apply for a period of three years from that date. The changes to the operation of our incentive plans described on pages 106 and 107, on which we have consulted with shareholders, are within this Policy.

Resolution to approve the Annual Report on Remuneration at the 2019 AGM

A resolution to approve this Annual Report on Remuneration will be proposed at the AGM on 25 July 2019.

DIRECTORS' REMUNERATION REPORT (continued)

THE REMUNERATION COMMITTEE

Meetings during the year

The Remuneration Committee comprised the following independent non-executive directors during the year: Anne Minto (Chair), Paul Forman, Lars Frederiksen, and Dr Ajai Puri, and Warren Tucker (from 19 November 2018). The Committee met seven times during the year. Membership and attendance during the year are set out on page 79.

The Committee met twice after the end of the financial year, and before the signing of this Annual Report. The Company Secretary serves as secretary to the Committee. The Chairman of the Board; the Chief Executive; the Chief Human Resources Officer; and the VP, Global Compensation and Benefits may be invited to attend meetings to assist the Committee, although none is present or involved when his or her own remuneration is discussed. The Committee's external advisor (Deloitte LLP) attends each meeting to provide independent advice, and also provides regular updates to the Committee on relevant corporate governance and market-related developments to ensure that the Committee's decisions take Group strategy and the needs of the business into account, while reflecting investor and governance expectations around good practice.

Main responsibilities of the Remuneration Committee

The Committee has a formal calendar of items for consideration. The main responsibilities of the Committee include:

- Assessing the appropriateness of executive remuneration in the context of the Group's strategy and priorities as well as overall competitiveness, taking into account data from independent, external sources
- Setting the detailed remuneration of the executive directors, designated members of senior management, and the Chairman of the Board (in consultation with the Chief Executive), including: base salary or fees, annual bonus, long-term incentives, benefits, and contractual terms
- Setting performance targets for awards made to senior executives under the annual bonus plan and the long-term incentive plan, and reviewing performance outcomes
- Reviewing the broader operation of the annual bonus and Performance Share Plans, including participation and overall share award levels
- Reviewing its own effectiveness each year.

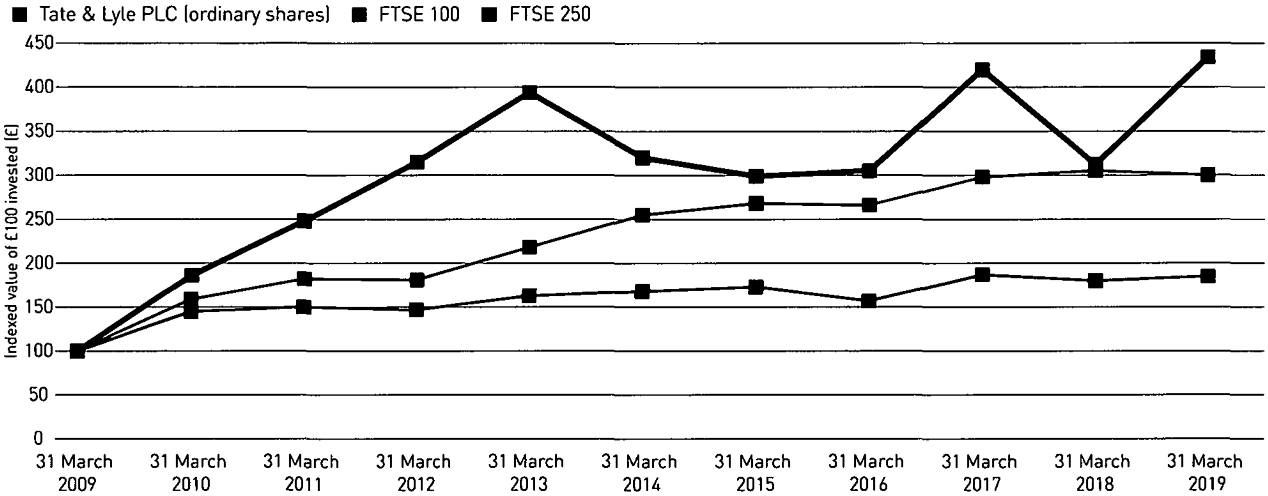
The Committee's terms of reference, which are reviewed annually, are available on the Company's website, www.tateandlyle.com.

Committee advisor

The Committee appointed Deloitte LLP to act as our external advisor following a review and competitive tender process during 2012. As part of its annual processes, the Committee considered and confirmed that advice received during the year from Deloitte LLP was objective and independent. Deloitte LLP is a signatory to the Remuneration Consultants' Code of Conduct; this gives the Committee additional confidence that the advice received is objective and independent of conflicts of interest. Fees charged by Deloitte LLP for the provision of remuneration advice to the Committee amounted to £48,500 for the year ended 31 March 2019, with fees being charged on a time incurred basis. During the year ended 31 March 2019, Deloitte LLP also provided services to the rest of the Group on corporate finance, consulting, systems, tax compliance and accounting.

Chart showing total shareholder return and Chief Executive's pay

The chart illustrates the cumulative total shareholder return (TSR) performance of the Company against the FTSE 100 and FTSE 250 Indices. These Indices are considered to provide an appropriate comparison as they represent a broad equity market with constituents comparable in size and complexity to the Company over the period to which the chart relates. The graph shows the value of £100 invested in each Index and the Company in the 10 years from 31 March 2009.



Chief Executive's[1] total remuneration (£000s per single figure table)										
Nick Hampton	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3 045
Javed Ahmed	977	3 277	11 198[2]	5 367	2 728	996	2 139	3 239	3 672	n/a
Iain Ferguson	1 312	nil	170	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annual bonus (% of max)	86%	100%	58%	18%	1.6%	0%	77%	80%	72%	53%
LTI vesting (% of max)	0%	81%	100%	100%	67.7%	0%	10.9%	50%	100%	75%

1 Nick Hampton served as Chief Executive since his appointment on 1 April 2018. Javed Ahmed served as Chief Executive from his appointment on 1 October 2009 until 1 April 2018. Iain Ferguson was Chief Executive prior to 1 October 2009.
2 The total remuneration figure shown for the year ended 31 March 2012 includes one-off compensatory appointment awards.

Comparison of movement in Chief Executive and broader employee remuneration

Change in value: year ended 31 March 2019 vs 31 March 2018	***Base salary***	***Value of benefits[3]***	***Annual bonus[4]***
Chief Executive[1]	-8%	-59%	-32%
Broader employee population[2]	3%	4%	-29%

1 Nick Hampton was appointed Chief Executive on 1 April 2018. The % figures therefore illustrate the difference vs the previous Chief Executive.
2 No changes to benefit policies were made in respect of the Chief Executive or employees during the year. The percentage change in Chief Executive benefits reflects the fact that Nick Hampton does not receive any allowance in relation to international healthcare. The percentage change in the employee benefits figure is the result of differences in employee participation levels in elective benefits and changes in the cost of insured benefits, including healthcare.
3 The broader employee population refers to a global population of salaried employees for salary comparison and the UK employee population for the benefits comparison, reflecting the context in which executive directors' salaries and benefits are determined. For the bonus comparisons, it refers to the global group of participants in the annual bonus plan so that the combination of business performance across our divisions that contributes to the Group's results is appropriately represented.
4 Includes deferred shares where applicable.

Relative importance of spend on pay

	Year ended 31 March 2019	Year ended 31 March 2018	% change
Remuneration paid to or receivable by employees of the Group (continuing operations)	**£334m**	£336m	-0.6%
Distributions to shareholders (by way of dividend and purchase of ordinary shares)	**£134m**	£158m	-15.2%

The year-on-year variance in employee remuneration is attributable to factors including foreign exchange rate movements (reflecting our significant US employee base) as well as variable pay arrangements driven by Group financial performance.

The year-on-year change in 'distributions to shareholders' reflects a £3 million increase in dividend payments compared to the prior year, offset by reductions in the purchase of shares to satisfy share incentive awards.

See Notes 9, 13 and 21 for further information.

DIRECTORS' REMUNERATION REPORT (continued)

DIRECTORS' SALARIES AND FEES

Executive director salaries

Nick Hampton was appointed Chief Executive with effect from 1 April 2018 with an annual salary of £665,000.

Imran Nawaz was appointed Chief Financial Officer with effect from 1 August 2018 with an annual salary of £470,000.

The Remuneration Committee reviews salaries at the start of each financial year. At the Board meeting at the end of March 2019, the Chief Executive recommended that executive directors and members of the Executive Committee would not receive a salary increase, stating the Executive Committee's desire to set a leadership example in the context of the broader actions associated with the Group's cost base review. The Committee acknowledged this gesture, and accepted the recommendation for the year ahead. Employees within the Group are not affected by this decision, and the average increase for employees across the Group was c.3% globally.

Executive directors' external appointments

Nick Hampton was appointed as a non-executive director of Great Portland Estates plc on 17 October 2016, and received fees of £66,280 in the year to 31 March 2019 which he is entitled to retain.

Chairman's and non-executive directors' fees

Fees are reviewed annually, in accordance with our stated Policy, by the Committee (excluding the Chairman) in respect of the Chairman's fee, and by the Chairman and the executive directors in respect of other non-executive directors' fees.

At the 2019 review, taking into account the stance taken by executive directors and members of the Executive Committee, while noting the level of increase applicable to UK employees more generally, it was agreed that no fee increase would be awarded for the year ahead. Fees, based on individual director responsibilities, are shown in the table below:

Fees (per annum) as at 1 April (£)	2019	2018	% change
Basic fees			
Chairman	**350 000**	350 000	0%
Non-executive director	**68 000**	68 000	0%
Senior Independent Director	**78 800**	78 800	0%
Supplemental fees			
Chair of Audit Committee	**18 050**	18 050	0%
Chair of Remuneration Committee	**13 550**	13 550	0%
Chair of Research Advisory Group	**25 200**	25 200	0%

ANNUAL BONUS

Overview

As referenced in the introductory statement, this is the last year that the bonus framework operates with a 'multiplier' approach, and for the year ahead we have simplified the bonus arrangement to drive a clearer alignment with our strategy and strategic priorities.

The bonus for the year was based on performance against three objectives: Group profitability; Food & Beverage Solutions (FBS) volume growth; and Group operating cash flow. Before any bonus is payable, a minimum level of Group profit must be achieved, regardless of performance against the other metrics.

For each performance metric, there is a corresponding multiplier, which varies between threshold, target and stretch levels of performance. Once the minimum profit level is achieved, bonuses are calculated by applying the multipliers, which have the effect of increasing or decreasing the value of the bonus depending on performance against each metric in turn.

Target bonus (% of base salary)		Step 1		Step 2		Step 3		Bonus achieved (as % of base salary)
Chief Executive (75%) Chief Financial Officer (50%)	X	Profitability multiplier (once minimum level is achieved)	X	FBS volume growth multiplier	X	Operating cash flow multiplier	=	

At target level of performance, the multiplier is one for each metric, so if performance is 'at target' against each metric, the result is a 'target' bonus outcome. To achieve the maximum payout, performance against all three metrics must be at or above the stretch level. Profit performance is the most important of the three metrics, so multipliers for the profitability factor are more heavily geared than for the other two metrics, that is, improvements in profitability have a significantly greater impact on bonus payments. All multipliers and their weightings are agreed by the Committee when targets are set at the start of the year, reflecting the importance of each of the metrics in the context of the progress made against the Group's long-term business strategy. The maximum bonus opportunity is 175%.

Malus and claw back provisions

Both the cash and share elements are subject to malus and claw back provisions for a period of 24 months following the award. This means that they may be recouped in whole or in part, at the discretion of the Committee, in the exceptional event that results were found to have been misstated or if an executive director commits an act of gross misconduct. The Committee reviewed these provisions during the year, and has agreed that going forward, 'corporate failure' will be included within these provisions.

Deferral into shares

The bonus amount up to 100% of base salary is paid in cash. The excess above 100% of base salary is paid in the form of deferred shares. The shares are released after two years subject to the executive director remaining in service with the Group, and carry the right to receive a payment in lieu of dividend between award and release. Both the cash and share elements are subject to malus and claw back provisions, as set out above.

Overview for the year ended 31 March 2019

Awards are linked to stretching financial targets set at the start of the year against key metrics:

- Group adjusted profit – measures the underlying profit generated by the total business and whether management is converting growth into profit effectively
- Food & Beverage Solutions volume – measures whether management is growing the Food & Beverage Solutions segment
- Group adjusted operating cash flow – provides a focus on managing working capital and converting profit into cash effectively.

Bonus awards reflect solid operational and financial performance

- 4% increase in adjusted profit before tax[1], despite challenging market conditions and significant external cost pressures
- Primary Products delivered 11% lower adjusted operating profit, while volume was in line with the prior year
- Food & Beverage Solutions adjusted operating profit was 3% higher, while volume was 3% higher overall, 3% higher in North America; 15% higher in Emerging Markets; 2% lower in Europe, Middle East and Africa
- 4% increase in adjusted diluted earnings per share[2]
- Good cash generation driving a reduction in net debt
- Four year US$100m productivity programme on track, with benefits offsetting inflationary headwinds
- Full-year dividend increased by 2.4% to 29.4p per share

1 Adjusted operating profit, percentage change in constant currency.
2 Adjusted diluted earnings per share from continuing operations in constant currency.

Annual bonus for the year ended 31 March 2019 (audited)

The table below provides further information on each metric, the targets set at the start of the year and actual performance for the year.

Bonus objective	Profitability	Growth	Cash management
Metric	Adjusted profit before tax	Food & Beverage Solutions volume	Adjusted operating cash flow
Definition	Adjusted profit before tax, exceptional items, amortisation and net retirement benefit interest	Volume targets are set relative to prior year performance	Adjusted group operating cash flow, based on the average of half-year and full-year figures
Rationale	Measures the underlying profit performance of the total business	Measures whether management is growing the Food & Beverage Solutions business	Measures effective management of working capital and effective conversion of profit into cash
Threshold	£279m	Equal to prior year	£255m
Target	£287m	+4.5% vs prior year	£270m
Stretch	£300m	+5.5% vs prior year	£285m
Actual performance[1]	£291m	+3% vs prior year	£285m

1 Bonus targets are set and actual performance is assessed at constant (budget) exchange rates, reflecting consistent practice with prior years.

The Committee also considers the Group's safety and overall financial performance to ensure that the results are a true reflection of the underlying strength and performance of the Group. On the basis of these performance outcomes, annual bonus awards were made to executive directors for the year ended 31 March 2019 as follows. No discretion has been exercised by the Committee in relation to these awards.

		Bonus award (% of salary)	Bonus award (% of max)
Nick Hampton	Chief Executive	93%	53%
Imran Nawaz	Chief Financial Officer	72%	41%

Target bonus is 75% of salary for the Chief Executive and 50% of salary for the Chief Financial Officer. Maximum for both roles is 175% of salary. Any bonus up to 100% of base salary is paid in cash and any balance is paid in the form of deferred shares as described above.

DIRECTORS' REMUNERATION REPORT (continued)

Bonus arrangements for the coming year

As summarised in the introductory statement, we propose to simplify the bonus framework to drive a clearer alignment with our strategy and strategic priorities in the business to generate long-term growth.

The bonus structure is summarised in the following illustration, and the key changes and the rationale for each of these are discussed below:

Opportunity (% of salary)	Financial metrics (80% of total bonus opportunity):						Strategic objectives (20% of total bonus opportunity)
Threshold: 20% Target: 75% Maximum: 150%	Group operating profit (40% of total)	+	Group cash flow (20%)	+	Food & Beverage Solutions sales (20%)	+	Aligned to strategic and operational priorities

Minimum profit requirements: must be achieved before bonus can be earned for other metrics.

Subject to Remuneration Committee discretion: based on underlying business and environmental, health and safety performance.

Note: Bonus targets are set and actual performance is assessed at constant (budget) exchange rates, reflecting consistent practice with prior years. To eliminate potential volatility due to the pass through of corn price in our sales, Food & Beverage Solutions (FBS) sales targets will be set and actual performance will be assessed at constant corn price and exchange rates, to ensure a like-for-like assessment.

Key changes compared to the approach for year ended 31 March 2019:

- **Replace current, relatively complex, 'multiplier' approach with a simpler model with metrics that operate independently, to improve transparency and communication:**
  The bonus structure which has been in place since 2010, operated on a multiplier basis (as described above). For the year ahead, we will adopt a more conventional approach, with independently weighted metrics. This will simplify the arrangement and enable us to demonstrate a clearer link between performance against each metric and the individual bonus outcomes in a given year.
- **Introduce an element (20% of total) linked to the achievement of (non-financial) strategic objectives, to capture the actions and performance necessary to create additional value over time:**
  The Committee recognises shareholders' desire that incentives are linked to the actions and performance necessary to create value over time, and notes the specific guidance in the FRC Code that 'using a range of financial, non-financial and strategic measures can help ensure that overall goals are aligned with how the company will deliver value over the long term'. Accordingly, a proportion of the bonus (20% of the total) will be linked to the achievement of specific 'business strategic' non-financial objectives.
  - Clear objectives will be established by the Committee at the start of each year, reflecting the Group's corporate and strategic priorities for the year ahead, as well as to drive progress against environment, health and safety (EHS) and broader social purpose goals and develop company culture. Examples might therefore include quantifiable value-added objectives relating to our focus on our customers and key categories, accelerating portfolio development, innovation, driving productivity, and EHS goals.
  - Achievements against those objectives, including specific KPIs, will be reviewed by the Committee at the end of the financial year, and a bonus outcome will be determined accordingly.
  - Business strategic objectives are often commercially sensitive, so these are not set out in full detail for the year ahead at this stage. The Committee intends to disclose the specific achievements against each relevant priority / objective for the year in review, along with the Committee's determination of the bonus outcome.
  - This 'non-financial' component is intended to focus on activities that enhance shareholder value, and the Committee will have due regard to the shareholder experience and the overall financial performance of the business in approving outcomes in relation to this element.
- **80% will remain based on financial performance – Group profit has the greatest weighting (counting for half of this element):**
  We will continue to use Group operating profit and Group cash flow as key financial performance metrics. We propose to replace 'FBS volume' (in our current framework) with FBS sales to better capture the US$-value of total FBS top line performance. This will reinforce the management discipline needed to drive both volume and price to deliver margin-accretive, value-added growth in the FBS business.
- **Reduce the maximum potential bonus to 150% of salary (vs 175% in current policy):**
  The maximum bonus opportunity will be reduced to 150% of salary (a reduction of 25% of salary vs 175% in our current framework). Any bonus earned in excess of 100% of salary will continue to be made in the form of deferred shares, in keeping with our current arrangements. In rebalancing the bonus structure, we propose to align executive director arrangements with a simpler standard structure with the 'threshold' value being 20% of salary (previously nil) and 'target' remains at 75% of salary (aligned with current CEO 'target').

The Board considers that financial bonus targets for the year ahead are commercially sensitive because they may reveal information about the business plan that may damage our competitive advantage, and accordingly does not disclose these on a prospective basis. However, the Committee seeks to set targets that are challenging and which encourage management to deliver superior operational and financial performance; and we will continue our established practice of reporting targets in full, alongside the level of performance actually achieved, for the year just ended (including the element linked to non-financial objectives going forward).

LONG-TERM INCENTIVE – PERFORMANCE SHARE PLAN (PSP)

Overview

The PSP provides a share-based incentive to closely align executive directors' and senior executives' interests with the strategy and with the interests of shareholders over the long term.

Maximum award level

Since the 2010 AGM, awards to executive directors and other senior executives have been granted at the discretion of the Committee, with flexibility for the Committee to make awards of up to 300% of base salary where appropriate to ensure market competitiveness, while taking into account Group performance. Individual awards made in any year are considered by the Committee on a case-by-case basis.

Performance conditions applicable to outstanding awards

The performance framework was reviewed in 2016 to ensure continued alignment with the Group strategy following the structural changes in the business in 2015. The threshold and stretch targets for each of the metrics were considered carefully by the Committee, taking into account a number of reference points, including internal and external benchmarks of performance and global market growth in the Food & Beverage Solutions (FBS) industry. Overall, performance at these levels requires our Food & Beverage Solutions (and Sucralose) and Primary Products businesses to perform strongly in their respective markets. We consulted with a broad group of our largest shareholders on these arrangements, which were endorsed by shareholders at the 2016 AGM. These conditions apply to awards made in 2016, 2017 and 2018.

Targets are set and performance is assessed at reported exchange rates. The level of vesting at threshold is limited to 15% of the maximum for executive directors. The Committee carefully reviews the appropriateness of metrics and targets ahead of the grant of awards in any year to ensure they remain appropriately stretching.

See pages 74 and 75 of our 2016 Annual Report for more details.

Metrics for Awards 2016, 2017, 2018	Link to strategy	Target range (threshold-stretch)	Actual performance outcome for 2016 award	Combined vesting outcome for 2016 award
FBS adjusted operating profit (25%)	Reflects our focus on growing the FBS business	8% – 13% p.a. three-year compound growth	3.9% p.a. (below threshold)	75% of the 2016 award will vest – as Group profit before tax and Group ROCE outcomes are both above the respective 'stretch' levels of performance while FBS operating profit growth did not meet the requirement over this period
Group adjusted profit before tax (25%)	Key performance metric to drive sustainable long-term profitable growth	5% – 10% p.a. three-year compound growth	16.9% p.a. (above stretch)	
Group adjusted ROCE (50%)	Drives efficient investment for value-added returns from the total business	12% – 16% in the final year of the three-year performance period	17.1% (above stretch)	
Financial underpin	Before any shares are released, the Committee must also be satisfied that the level of vesting determined by performance against these targets is justified by the broader underlying financial performance of the Group. Recognising the importance of the dividend to our investors, the Committee retains a specific discretion to reduce PSP vesting if dividends paid by the Group over the performance period do not conform with our dividend policy.			

Note: Food & Beverage Solutions metrics relate to the reportable segment.

Post-vesting holding period

For awards made since 2016, executive directors are required to hold shares for a two-year period after the end of the three-year performance period (i.e. the combination of performance and holding period is five years in total). This holding period sits alongside the existing personal shareholding requirements and claw back/malus provisions, and demonstrates a strong long-term alignment with shareholder interests.

Malus and claw back provisions

Awards made under the PSP are subject to malus and claw back provisions for a period following the vesting date and extending to the fifth anniversary following the date of grant. During this period, the Committee may determine that an award will lapse wholly or in part (or may require that a participant shall repay up to 100% of the value of any award that has vested by virtue of performance), in the event of circumstances including the following: material misstatement of financial results; misconduct which justifies, or could justify, summary dismissal of the participant; or if information emerges which would have affected the value of the original award that was granted to a participant, or the level at which the performance conditions were judged to have been satisfied. The Committee reviewed these provisions during the year, and has agreed that going forward, 'corporate failure' will be included within these provisions.

DIRECTORS' REMUNERATION REPORT (continued)

Changes to the PSP for the year ahead:

As referenced in the introductory statement, the investment case we have set out provides a strong logic for refocusing long-term performance metrics on EPS growth and ROCE performance, with a dividend underpin.

It is proposed that, going forward, Group EPS and Group ROCE will each have a 40% weighting so, as a result, 80% is linked to total Group 'bottom line' financial performance and capital efficiency.

Alongside these, a Food & Beverage Solutions (FBS) volume metric (with a 20% weighting) will provide continued focus on our growth ambition for the FBS business. This metric will complement the 'FBS sales' metric in the Annual Bonus; reflecting our ambition for FBS growth within the Group portfolio, incentivising above-market performance in that division. This choice also eliminates 'duplication' across FBS profit and Group profit metrics in the current PSP framework.

The approach is summarised below. We believe this places a clear focus on long-term strategic growth and FBS market 'out-performance', to drive long-term value creation.

Investment case

WE HAVE A **CLEAR STRATEGY** FOR OUR BUSINESSES...

... DRIVEN BY **THREE PRIORITIES** TO ACCELERATE PERFORMANCE

... TO DELIVER **RETURNS FOR SHAREHOLDERS**

EARNINGS PER SHARE[1] – ACCELERATE GROWTH

ORGANIC RETURN ON CAPITAL EMPLOYED[2] – IMPROVE RETURNS

DIVIDEND – MAINTAIN PROGRESSIVE DIVIDEND POLICY

1 Adjusted diluted earnings per share from continuing operations in constant currency.
2 In constant currency.

Read more about our full Investment case on page 15.

Metrics for Awards from 2019 (weighting)	Rationale for metric (link to Investment case)	Target range (threshold-stretch)	Rationale for target ranges
Group adjusted earnings per share (40%)	Key performance metric to drive sustainable long-term profitable growth	5% – 10% p.a. three-year compound growth	• Targets are consistent with execution of Group strategy: managing PP for stable earnings, with profitable growth driven by FBS growth ahead of market, and with Sucralose managed for cash. • Target range is consistent with the current 5%-10% range applicable to the profit before tax metric it replaces, while the EPS metric provides a more holistic assessment of shareholder value creation.
FBS volume growth (20%)	Lead indicator of strategy execution and FBS value growth	2% – 6% p.a. three-year compound growth	• Targets are consistent with our strategic goal to deliver strong FBS growth at above global market growth rates. • The threshold is in line with our latest view of the global market growth rate (at around 2%), representing a benchmark for future performance that is ahead of our recent trend; and stretch represents very strong performance at c.3x the global growth rate.
Adjusted Group ROCE (40%)	Drives disciplined and efficient investment for value-added returns from the total business	14% – 18% in the final year of the three-year performance period	• Targets returns that are higher than the current range (12%-16%), and incremental organic return on capital employed over time. • Incentivises ROCE performance in excess of our current weighted average cost of capital (WACC) of c.7%. • Allows flexibility for investment in the business.
Financial and dividend underpin	Before any shares are released, the Committee must also be satisfied that the level of vesting determined by performance against these targets is justified by the broader underlying financial performance of the Group. Recognising the importance of the dividend to our investors, the Committee retains a specific discretion to reduce PSP vesting if dividends paid by the Group over the performance period do not conform with our stated dividend policy. Malus and claw back provisions apply for up to two years post vesting.		
Post-vesting holding period	Executive directors are required to hold shares for a two-year period after the end of the three-year performance period (i.e. the combination of performance and holding period is five years in total).		

Note: FBS metrics relate to the reportable segment. Targets are set and performance is assessed at reported exchange rates.

The level of vesting at threshold is limited to 15% of the maximum for executive directors.

The target ranges shown above for each metric have been carefully considered by the Committee, taking into account the investment case we have set out for shareholders and our ambition for growth, as well as historic company and competitor/customer financial performance, and will be kept under review ahead of the grant in any year to ensure they remain sufficiently stretching.

The Committee believes that these proposed target ranges align with and demonstrate the growth ambition and would constitute strong and successful financial and strategic delivery in the round. In order for PSP awards to vest in full we would have to: (i) grow Food & Beverage Solutions significantly above global market growth rates; (ii) double Group profit every seven-eight years (10% CAGR); while (iii) maintaining and increasing ROCE at a margin well in excess of our average cost of capital.

Performance at these levels will require both our Food & Beverage Solutions and Primary Products businesses to perform strongly in their respective markets: growing Food & Beverage Solutions volume ahead of the global market, and managing the Primary Products business for steady earnings against a US bulk sweeteners market that has been flat in the last four years.

Before any award vests, the Committee must also be satisfied that the level of vesting based on performance against these targets is justified by the broader underlying financial performance of the Group.

The Committee has specific discretion to reduce any PSP vesting if dividends paid by the Company over the performance period do not conform to the stated (progressive) dividend policy. This feature recognises the importance of the dividend to investors, and underlines the Company's commitment in this regard.

Post-vesting holding period

We adopted a post-vesting shareholding period in 2016 (so that the combination of performance and holding is five years in total), and this will continue to apply.

Impact of capital events

In keeping with our existing Policy, in the context of a merger or acquisition, or other significant relevant corporate activity, any potential impact on the incentive plans would be specifically considered by the Committee. In such circumstances, the Committee retains the authority to vary the performance targets (or the vesting outcome) to ensure that these are neither easier nor more demanding than the original targets. This principle remains important as we seek to grow the business through organic sales growth and improved organic returns, as well as value-added strategic M&A-related activity over time.

Impact of accounting changes and adoption of IFRS16

The adoption of IFRS16 is expected to impact the assessment of certain PSP metrics when it comes into effect from the year ending 31 March 2020 (see page 30 'IFRS16 Leases'). The performance metrics and targets described in this report were established pre-IFRS16, and the Committee has agreed that an appropriate adjustment will be made to ensure that actual performance against target can be assessed on a like-for-like basis and that conditions are not easier nor harder to achieve.

Annual and maximum award levels

As part of an integrated proposal, and recognising the 25% of salary reduction proposed in relation to the annual bonus opportunity, the current shareholder-approved policy limit on PSP award levels will be retained (at 300% of salary). The Committee believes this continues to be appropriate in the context of our global business – with c.98% of sales and 94% of employees outside the UK, and significant international diversity across our executive leadership team. The Committee will continue to retain full discretion in respect of each individual annual award, and we will retain the 'threshold' level of vesting at 15% of the award. This approach ensures the focus remains weighted towards long-term performance.

DIRECTORS' REMUNERATION REPORT (continued)

Other audited disclosures

SINGLE FIGURE TABLE (AUDITED)

£000s	Salary/fees		Benefits[1]		Annual bonus		Share awards		Pension		Total	
Year ended 31 March	**2019**	2018	**2019**	2018	**2019**	2018[2]	**2019**[5]	2018	**2019**	2018	**2019**	2018
Chairman												
Dr Gerry Murphy	**350**	350	**-**	-	**-**	-	**-**	-	**-**	-	**350**	350
Executive directors												
Nick Hampton[3]	**665**	526	**17**	13	**616**	662	**1 581**	1444	**166**	131	**3 045**	2 776
Imran Nawaz[4]	**313**	-	**109**	-	**224**	-	**-**	-	**63**	-	**709**	-
Non-executive directors[6]												
Paul Forman	**68**	66	**-**	-	**-**	-	**-**	-	**-**	-	**68**	66
Lars Frederiksen	**68**	66	**-**	-	**-**	-	**-**	-	**-**	-	**68**	66
Douglas Hurt	**97**	95	**-**	-	**-**	-	**-**	-	**-**	-	**97**	95
Anne Minto	**82**	80	**-**	-	**-**	-	**-**	-	**-**	-	**82**	80
Dr Ajai Puri	**93**	91	**-**	-	**-**	-	**-**	-	**-**	-	**93**	91
Sybella Stanley	**68**	66	**-**	-	**-**	-	**-**	-	**-**	-	**68**	66
Warren Tucker[7]	**25**	-	**-**	-		-		-		-	**25**	-
Former directors[8]												
Javed Ahmed[9]	**-**	721	**11**	41	**-**	908	**-**	1750	**10**	252	**21**	3 672
Liz Airey	**-**	22	**-**	-	**-**	-	**-**	-	**-**	-	**-**	22
Jeanne Johns	**-**	46	**-**	-	**-**	-	**-**	-	**-**	-	**-**	46
Totals	**1 829**	2 129	**137**	54	**840**	1 570	**1 581**	3194	**239**	383	**4 626**	7 330

1 Benefits for executive directors include health insurance and car allowance.
2 Bonus includes the value of deferred shares if bonus awards in the year are more than 100% of salary. For 2019, the bonus awards were made in cash.
3 Nick Hampton was appointed Chief Executive on 1 April 2018 (previously serving as Chief Financial Officer).
4 Imran Nawaz was appointed 1 August 2018. £100,000 included with 'benefits' relates to relocation support, as disclosed on appointment and on page 85 of the Annual Report 2018.
5 This is the PSP Award made in 2016. PSP awards outcomes are discussed on page 105, and the value is included in the table above based on a share price of £7.92, being the closing share price on 20 May 2019 when the Remuneration Committee determined performance conditions were met.
6 In accordance with the Group's expenses policies, non-executive directors receive reimbursement for their reasonable expenses for attending Board meetings. In instances where those costs are treated by HMRC as taxable benefits, the Group also meets the associated tax cost to the non-executive director through a PAYE settlement agreement with HMRC. Amounts are minimal and do not show in the table after rounding.
7 Warren Tucker was appointed to the Board on 19 November 2018.
8 Liz Airey retired as a Director on 27 July 2017. Jeanne Johns stepped down as a Director on 31 October 2017.
9 Javed Ahmed retired as Chief Executive on 1 April 2018 (arrangements on departure were disclosed on page 87 of the 2018 Annual Report). An amount included with 'benefits' represents payment in lieu of unused holiday allowance on cessation, in keeping with the policy applicable to all employees. Pension includes an individual voluntary contribution.

Total pension entitlements (audited)

Directors participate in arrangements that are defined contribution in nature. Contributions made to or in lieu of pension in respect of each director during the year are shown in the single figure table, and are equivalent to 25% for Nick Hampton as Chief Executive, reflecting his contract on appointment in 2014, and 20% for Imran Nawaz, as agreed on appointment in 2018.

The Committee has considered investor sentiment regarding pension benefit levels for executive directors, and included this topic in consultation with our largest shareholders regarding the changes to our incentive plans. The Committee recognises the sensitivity relating to this benefit and has adopted a reduced limit, in practice, at 20% of salary for new appointments. The Committee adopted this approach when appointing Imran Nawaz as Chief Financial Officer during the year.

This 20% level is in line with the benefit level currently provided to a broader group of employees in the business, and represents a material reduction from the 25%-35% level that historically applied under our current policy for executive directors. The Committee will keep emerging practice under review ahead of formal Policy renewal at the 2020 AGM.

Payments to past directors (audited)

Javed Ahmed retired as Chief Executive and ceased employment with the Group on 1 April 2018. His salary and other benefits all ceased with effect from this date. As set out on page 87 of the Annual Report 2018, the Committee determined that Javed would retain Deferred Bonus awards earned in prior years, and pro-rated interests in previously granted but unvested Performance Share Plan awards, in accordance with our Policy and the relevant Plan rules and subject to performance conditions where applicable. In accordance with those arrangements, the following awards have vested in the period to which this report relates:

- Deferred bonus from 2017 financial year; the value of which was previously disclosed in the single figure table on page 94 of the Annual Report 2017
- PSP award from 2016; the number of shares having been pro-rated to reflect the proportion of the three-year vesting period during which he was employed, and subject to the assessment of performance conditions applicable to the award, as described on page 105, having a value on vesting of £1,484,000, based on a share price of £7.92.

The Committee has not exercised any discretion in relation to the assessment of any performance conditions or the timing of vesting, or the basis on which relevant awards have been pro-rated.

Payments for loss of office

There have been no other payments to past directors other than as disclosed in this Report. No loss of office payments have been made during the year.

Share awards made during the year ended 31 March 2019 (audited)

	Award	Type of award	Date of grant	Number of shares	Face value of award	Performance conditions	Performance period	% of vesting at threshold
Nick Hampton	Group Bonus Plan (31 March 2018)[1]	Nil cost option	5 July 2018	22 629	£136 645	None	Two-year deferral	n/a
	Performance Share Plan[2]	Nil cost option	5 July 2018	330 380	£1 994 999	25% FBS adjusted operating profit; 25% Group adjusted profit; 50% adjusted ROCE	Three financial years ending 31 March 2021 plus two-year holding period	15%
Imran Nawaz	Restricted Share Award[3]	Nil cost option	9 August 2018	126 103	£799 997	See note 3	1 August 2019 – 1 August 2020	n/a
	Performance Share Plan[2,3]	Nil cost option	9 August 2018	233 502	£1 410 002	25% FBS adjusted operating profit; 25% Group adjusted profit; 50% adjusted ROCE	Three financial years ending 31 March 2021 plus two-year holding period	15%
Former director Javed Ahmed	Group Bonus Plan (31 March 2018)[1]	Nil cost option	5 July 2018	31,044	£187 459	None	Two-year deferral	n/a

1 Deferred bonus awards were granted under the annual bonus plan (as described on page 103). The full value of these awards has been previously disclosed for each Director in the single figure table in last year's Annual Report for the year ended 31 March 2018 and is similarly included in the 2018 figure in the single figure table on page 108 of this Report. The share allocation was made during the year ended 31 March 2019, and shown in the table above, based on the average share price over the last three months of the preceding financial year, being 603.85 pence per share for the 2018 award. Deferred bonus awards were subject to performance conditions in the year ended 31 March 2018, and remain subject to continued employment in accordance with the Scheme rules.

2 Under the terms of the Performance Share Plan approved by shareholders, the number of shares comprising an award in any year is calculated based on the average share price over the last three months of the preceding financial year, being 603.85 pence per share for the 2018 award. In 2018, the Committee approved awards of 300% of salary for the Chief Executive and 300% of salary for the Chief Financial Officer, which is within our approved Remuneration Policy. Performance conditions applicable to PSP awards made in 2018 are described on page 105.

3 Imran Nawaz was appointed Chief Financial Officer with effect from 1 August 2018 and his remuneration details were provided on the announcement of his appointment on 17 April 2018, and in our Annual Report 2018. Consistent with our shareholder-approved Policy on the terms of directors' appointment, we made provision to compensate Imran for specific short-term and long-term incentives given up by him as a consequence of him leaving his former employer. As announced, these compensatory awards comprised a one-off Restricted Stock Award (RSA) of £800,000 worth of shares in Tate & Lyle PLC, subject to continued employment and subject to the achievement of specified individual business performance conditions; and it was agreed that in 2018, he received a PSP award at 300% of his full annual salary subject to normal PSP performance conditions. The RSA award was made by reference to a share price of £6.3440, being the average price over the five dealing days following his appointment. The performance conditions attached to the RSA relate to strategic and operational milestone activities agreed by the Committee, the detailed disclosure of which would be commercially sensitive at this time. The RSA and 2018 PSP awards will be subject to forfeiture/repayment if he ceases to be employed in the first 36 months of employment due to his resignation or dismissal for cause.

DIRECTORS' REMUNERATION REPORT (continued)

Share awards made in financial years to 31 March 2018 (audited)

The table below sets out the current position of share-based awards made to executive directors.

	As at 31 March 2018 (number)	Awards vested during year (number)	Awards lapsed during year (number)	Awards exercised during year (number)	As at 31 March 2019 (number)	Market price on date awards granted (pence)	Market price on date awards exercised (pence)[2]	Vesting date
Nick Hampton								
Performance Share Plan[1]:								
2015	241 251	241 251	–	241 251	–	616.04	666.40	After 31/03/18
2016[3]	266 064	–	–	–	266 064	578.15	–	After 31/03/19
2017	217 855	–	–	–	217 855	723.72	–	After 31/03/20
Group Bonus Plan:								
2016	29 368	29 368	–	29 368	–	578.15	666.40	25/05/18
2017	40 739	–	–	–	40 739	723.72	–	23/05/19

1 The performance conditions for the PSP awards made in 2016, 2017 and 2018 are 25% Food & Beverage Solutions adjusted operating profit; 25% Group adjusted profit; 50% adjusted ROCE as described on page 105. The three-year performance period for these awards began on the first day of the financial year in which the award was granted.
2 These awards are structured as nil cost options; awards were exercised with a nil exercise price.
3 The PSP award made in 2016 will vest at 75%, following the Committee's assessment of performance conditions (as described on page 105).

Historic awards under all-employee schemes (audited)

The table below sets out the current position of options to subscribe for ordinary shares of the Company that were granted to executive directors in the years prior to the current reporting year.

Savings-related share options are options granted under the HMRC-approved Sharesave Plan. Options are granted on the same terms to all participating employees, are not subject to performance conditions, and are normally exercisable during the six-month period following the end of the relevant three- or five-year savings contract. The exercise price reflects a 20% discount to market value as permitted under HMRC rules and is applicable to all participants.

	As at 1 April 2018 (number)	Options vested during year (number)	Options exercised during year (number)	Options lapsed during year (number)	As at 31 March 2019 (number)	Exercise price (pence)	Exercise period
Nick Hampton							
Savings-related options 2017	3,243	–	–	–	3,243	555.00	01/03/21 to 31/08/21

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED)

Personal share ownership requirements (policy on executive share ownership)

The Committee believes that material personal investment in Company shares serves to strengthen the long-term alignment of interests between senior executives and shareholders.

Our executive shareholding requirements are considered to be more demanding and extend to a greater number of senior executives in the Group when compared with similar sized UK-listed companies.

- The Chief Executive has a target share ownership requirement of four times base salary, to be achieved within five years of appointment. Nick Hampton was appointed Chief Executive from 1 April 2018, and as at 31 March 2019, Mr Hampton holds shares in accordance with this policy with a value of just under four times his current salary.
- The Chief Financial Officer has a target shareholding requirement of three times base salary to be achieved within five years of appointment. Imran Nawaz was appointed Chief Financial Officer on 1 August 2018, and as at 31 March 2019, being seven months in post, has a meaningful interest in Company shares by virtue of the compensatory and incentive share awards made to him on appointment.
- Other Executive Committee members are subject to the share ownership policy, with target holdings at three times salary.
- This policy extends to a broader group of executives who have senior leadership roles within the Group. The shareholding target for this group is equal to their base salary.

Under the shareholding policy, the value of deferred shareholdings is assessed net of income tax, at the prevailing share price. The Committee monitors progress against the share ownership requirements annually.

Post-employment shareholding requirements: having reviewed the totality of our arrangements, the Committee considers that a number of features in our existing arrangements provide for a continuing alignment with shareholders' interests post-employment, for example: demanding personal shareholding requirements apply, as described above; existing good leaver provisions do not result in accelerated vesting, so in a situation where a departing executive retains interests in share awards, these will continue in effect on a phased basis post-employment, providing for a continuing aligned interest; and we introduced a post-vesting holding period on PSP awards from 2016. We will keep these provisions under review as we renew our Policy in 2020.

Directors' interests (audited)

The interests held by each person who was a Director during the financial year in the ordinary shares of 25 pence each in the Company are shown below. All these interests are beneficially held and no Director had interests in any other class of shares. The table also summarises the interests in shares held through the Company's various share plans.

	Interest in shares[1]	Nil cost options – conditional on performance[2]	Shares – not conditional on performance[3]	Options – not conditional on performance[4]	**Total as at 31 March 2019**	Total as at 31 March 2018
Chairman						
Dr Gerry Murphy	20 000	–	–	–	**20 000**	20 000
Executive directors						
Nick Hampton	333 460	814 299	63 368	3 243	**1 214 370**	988 552
Imran Nawaz	–	359 605	–	–	**359 605**	–
Non-executive directors						
Paul Forman	10 000	–	–	–	**10 000**	10 000
Lars Frederiksen	15 000	–	–	–	**15 000**	15 000
Douglas Hurt	10 000	–	–	–	**10 000**	10 000
Anne Minto	8 600	–	–	–	**8 600**	8 600
Dr Ajai Puri[5]	10 018	–	–	–	**10 018**	10 018
Sybella Stanley	4 983	–	–	–	**4 983**	4 983
Warren Tucker	4,321	–	–	–	**4 321**	–
Former directors						
Javed Ahmed[6]	3 431 568	965 594	82 592	5 941	**4 485 695**	4 485 695

1 Includes shares owned by connected persons.
2 Awards under the PSP and the RSA award made to Mr Nawaz in 2018. These awards were made as options with a nil exercise price.
3 Deferred share awards made under the Group Bonus Plan.
4 These are HMRC-approved Sharesave Plan awards.
5 Includes 8,000 shares held as 2,000 ADRs.
6 Javed Ahmed ceased to be a Director on 1 April 2018, and interests in shares (other than in the column titled 31 March 2018) are shown as at 1 April 2018.

There were no changes in Directors' interests in the period from 1 April 2019 to 22 May 2019.

On behalf of the Board

Anne Minto OBE
Chair of the Remuneration Committee
22 May 2019

DIRECTORS' REPORT

About the Directors' Report

The Directors' Report comprises the Governance section from pages 68 to 93, the Directors' Report on pages 112 and 113 and the Useful Information section from pages 184 to inside back cover. Other information that is relevant to the Directors' Report, and which is incorporated by reference into the Directors' Report, is disclosed as follows:

- Likely future developments of the Company (throughout the Strategic Report)
- Human rights (page 45)
- Greenhouse gas emissions (page 53)
- Relationship with employees (pages 44 to 47)
- Financial instruments (Note 26)
- Post balance sheet events (Note 34).

Results and dividend

A review of the consolidated Group's results can be found on the inside front cover to page 51.

An interim dividend of 8.6 pence per ordinary share was paid on 4 January 2019. The Directors recommend a final dividend of 20.8 pence per ordinary share to be paid on 31 July 2019 to shareholders on the register on 21 June 2019, subject to approval at the 2019 Annual General Meeting (AGM). The total dividend for the year is 29.4 pence per ordinary share (2018 – 28.7 pence).

The Trustees of the Tate & Lyle PLC Employee Benefit Trust (the EBT) have waived their right to receive dividends over their total holding of 4,446,449 ordinary shares as at 31 March 2019.

Research and development

The Group spent £36 million (2018 – £35 million) on research and development during the year.

Articles of Association

The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of Directors, and the conduct of the Board and general meetings. Copies are available on request and are displayed on the Company's website, www.tateandlyle.com.

In accordance with the Articles of Association, Directors can be appointed or removed by the Board or by shareholders in general meeting. Amendments to the Articles of Association have to be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company. Subject to UK company law and the Articles of Association, the Directors may exercise all the powers of the Company, and may delegate authorities to committees, and may delegate day-to-day management and decision making to individual executive directors. Details of the Board Committees can be found on pages 88 to 93 and on page 100.

Share capital

As at 31 March 2019, the Company had nominal issued ordinary and preference share capital of £119 million comprising £117 million in ordinary shares, including £0.2 million in treasury shares and £2 million in preference shares.

To satisfy obligations under employee share plans, the Company issued 37,016 ordinary shares during the year and reissued 1,757,254 ordinary shares from treasury. The Company issued 16,783 shares during the period from 1 April 2019 to 22 May 2019. Further information about share capital is in Note 21. Information about options granted under the Company's employee share plans is in Note 29.

The Company was given authority at the 2018 AGM to make market purchases of up to 46,577,021 of its own ordinary shares. The Company made no purchases of its own ordinary shares during the year ended 31 March 2019 and the EBT did not purchase any shares during the year. This authority will expire at the 2019 AGM and approval will be sought from shareholders for a similar authority to be given for a further year.

Restrictions on holding shares

There are no restrictions on the transfer of ordinary and preference shares in the capital of the Company.

No limitations are placed on the holding of shares and no share class carries special rights of control of the Company. There are no restrictions on voting rights other than those outlined in 'Shareholders' rights' on preference shares. The Company is not aware of any agreements between shareholders that may restrict the transfer or exercise of voting rights.

Shareholders' rights

Holders of ordinary shares have the rights accorded to them under UK company law, including the rights to receive the Company's annual report and accounts, attend and speak at general meetings, appoint proxies and exercise voting rights.

Holders of preference shares have limited voting rights and may not vote on: the disposal of surplus profits after the dividend on the preference shares has been provided for; the election of Directors or their remuneration; any agreement between the Directors and the Company; or the alteration of the Articles of Association dealing with any such matters. Further details regarding the rights and obligations attached to share classes are contained in the Articles of Association which are available on the Company's website, www.tateandlyle.com.

Change of control

At 31 March 2019, the Group had a committed bank facility of US$800 million with a number of relationship banks which contains change of control clauses. The Group also had £200 million of Guaranteed Notes and US$400 million of Private Placement Notes which contain change of control provisions. In aggregate, this financing is considered significant to the Group and in the event of a takeover (change of control) of the Company, these contracts may be cancelled, become immediately payable or be subject to acceleration.

All the Company's share plans contain provisions relating to a change of control.

Further information is set out in the Directors' Remuneration Policy.

Disclosure table pursuant to Listing Rule LR 9.8.4C

In accordance with LR 9.8.4C, the table below sets out the location of the information required to be disclosed, where applicable.

Applicable sub-paragraph within LR 9.8.4C		Page(s)
(1)	Interest capitalised by the Group	141
(2)	Unaudited financial information	None
(4)	Long-term incentive scheme only involving a Director	109
(5)	Directors' waivers of emoluments	None
(6)	Directors' waivers of future emoluments	Not applicable
(7)	Non pro-rata allotments for cash (issuer)	112
(8)	Non pro-rata allotments for cash (major subsidiaries)	None
(9)	Listed company is a subsidiary of another company	Not applicable
(10)	Contracts of significance involving a Director	None
(11)	Contracts of significance involving a controlling shareholder	Not applicable
(12)	Waivers of dividends	112
(13)	Waivers of future dividends	112
(14)	Agreement with a controlling shareholder	Not applicable

DTR Rule 5 disclosure

In the period under review to 31 March 2019, the Company had been notified under Rule 5 of the Disclosure and Transparency Rules of the following holdings of voting rights in its shares:

	Number of shares[1]	% held[1]
SEB Investment Management AB	13 996 009	2.99
Standard Life Aberdeen plc	30 968 958	6.62

1 As at the date of the transaction in the most recent notification to the Company.

In the period from 1 April 2019 to 22 May 2019, there have been no changes notified to the Company to the holdings as disclosed above.

Political donations

Again this year, in line with the Group's policy, no political donations were made in the European Union (EU). Outside the EU, the Group's US business made contributions during the year totalling US$14,350 (£11,000) (2018 – US$26,200; £18,700) to state political party committees or political action committees, and to the campaign committees of state or local candidates affiliated to the major parties. In all, seven separate donations were made, the largest being US$5,000 and the smallest US$250.

US$19,000 (£14,600) (2018 – US$12,700; £9,000) was also contributed by the Tate & Lyle Political Action Committee (PAC). Thirteen separate donations were made, the largest being US$4,000 and the smallest US$500. The PAC is funded entirely by US employees. Employee contributions are entirely voluntary and no pressure is placed on US employees to participate. No funds are provided to the PAC by Tate & Lyle but under US law, an employee-funded PAC must bear the name of the employing company.

Directors' statement of responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and Company financial statements in accordance with UK GAAP (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable IFRSs as adopted by the EU have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group. These records should enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. The Directors are also responsible for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 68 to 71, confirms that, to the best of his or her knowledge:

- The Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy
- The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The Company financial statements, which have been prepared in accordance with UK GAAP (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law) give a true and fair view of the assets, liabilities, financial position and profit of the Company
- The Strategic Report and the Directors' report include a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

The Directors' Report on pages 68 to 93, pages 112 and 113 and pages 184 to the inside back cover and the Directors' Remuneration Report from pages 94 to 111 of this Annual Report were approved by the Directors on 22 May 2019.

On behalf of the Board

Claire-Marie O'Grady
Company Secretary

22 May 2019

Strategy in action story
Sharpen the focus on our customers

Let's stick together

Innovative industrial starches for recyclable tape

We supply over 100 types of industrial starch made from corn to the paper, building, oil drilling and other industries. And just as with our food and beverage customers, we're able to help these customers overcome the changing challenges of their sectors.

One of our customers supplies brown paper sticking tape to online retailers for sealing their cardboard packaging. Our starch goes into the glue on the tape. But when a leading retailer started using recyclable linerboard (the thin cardboard facing onto corrugated board), our customer's usual tape, which relies on pressure to create a seal, didn't stick.

Diving into the chemistry

This apparently simple issue led to a deep exploration of the chemistry of stickiness. Our tape customer shared their polymerisation technology with our scientists, and together we came up with a 'wettable' adhesive.

Now our customer can supply their retailers with a tape that's super-sticky, protecting goods during transit. It can't be lifted off and reapplied, which helps with security. And it's easy for warehouse staff to work with. What's more, these properties don't come from industrial-strength chemicals, but from renewable corn starch.

What made that collaboration possible was over 100 years' experience of industrial starch production, a longstanding relationship of trust with our customer, and exceptional scientific expertise and capabilities.

Who knew that something called STA-TAPE™ Waxy Acid Modified Starch would contain all that magic?

17%

of our industrial starches now used in packaging and tape

Financial statements

The industrial starch chemists at our lab in our Decatur, Illinois, US plant

Independent auditor's report to the members of Tate & Lyle PLC

Opinion

In our opinion:

- Tate & Lyle PLC's Group financial statements and Parent Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Tate & Lyle PLC which comprise:

Group	Parent Company
Consolidated statement of financial position as at 31 March 2019	Balance sheet as at 31 March 2019
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 9 to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 36 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 61 to 65 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 60 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 31 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 60 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	— Commodity risk (Group) — Goodwill and other intangible asset impairment (Group) — Unrealised profit in inventory from intercompany sales (Group) — Investment in subsidiaries (Parent Company)
Audit scope	— We performed an audit of the complete financial information of four components (Tate & Lyle PLC, Tate & Lyle International Finance PLC, Tate & Lyle Ingredients Americas LLC, and Tate & Lyle Sucralose LLC) and audit procedures on specific balances for a further four components (Tate & Lyle Brasil S.A., Tate & Lyle Trading (Shanghai) Co. Ltd, Tate & Lyle Slovakia, s.r.o., and Tate & Lyle Insurance (Gibraltar) Limited). — The components where we performed full or specific audit procedures accounted for 85% of our profit measure (as defined below), 80% of revenue and 81% of total assets.
Materiality	— Overall Group materiality of £15 million which represents 5% of profit before tax adjusted for exceptional items and the Group's share of tax of joint ventures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Commodity co-product risk (Group) **The fair value adjustment of co-product inventory and forward purchase and sale contracts £18 million (2018 – £17 million)** The Group is exposed to price risk on the three co-products (corn gluten meal, corn gluten feed and corn oil) that result from the corn milling process. The price risk associated with the three co-products cannot readily be hedged as there are no actively traded markets for these commodities. Whilst the Group actively manages its overall co-product positions in the US, the Group can hold either a net long or short position for each co-product based on the volume of co-products made, bought and forward sold at any point in time. These positions are measured at fair value at each reporting date, with gains and losses recognised in the income statement. Management exercises significant judgement in deriving these fair values. The valuation of co-products is identified as a key audit matter due to the significant judgement involved in the valuation of co-product positions. *Refer to the Audit Committee Report (page 90); accounting policies (page 130); and Notes 2, 14, 26 and 27 of the consolidated financial statements*	We understood and evaluated management's process for managing the price risk inherent within its co-product positions and compared it with management's underlying risk management and accounting policies. The procedures detailed below were performed principally by component audit teams. To address the co-product valuation risk we performed the following principal procedures: — Lowered thresholds when determining sample sizes for testing prices used in the valuation of co-product inventory and forward sale and purchase contracts — Compared market prices used to contracted prices of industry companies that are collated by and quoted in Jacobsens market publication and the Wall Street Journal — Given the correlation of corn meal to soybean meal (quoted on the Chicago Mercantile Exchange), we compared corn meal prices to soybean meal prices to assist in evaluating the reasonableness of selected forward corn meal prices — Tested the clerical accuracy of the calculations of gains or losses on contracts and reconciled values to the general ledger — Compared selected market prices to the limited number of broker quotes obtained by management — Confirmed the terms of a sample of sales and purchase contracts with counterparties — Selected a sample of contracts executed prior to and subsequent to period end and compared the prices on the executed contracts to the market prices used in valuation. For any significant variances we held discussions with the traders to understand the variances — Performed trader inquiries to understand market dynamics and factors impacting pricing as of period end — Evaluated the adequacy and transparency of commodities disclosures.	No matters were identified that would indicate that the risk management and accounting policies were not being followed. Based on the procedures performed, we conclude that the valuation of co-product inventory and forward purchase and sale contracts are materially correct.

Independent auditor's report to the members of Tate & Lyle PLC (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Assessment of the carrying value of goodwill and other intangible assets (Group) **£342 million (2018 – £360 million)** At 31 March 2019 the Group was carrying £198 million of goodwill and £144 million of other non-current intangible assets. Management applies judgement in assessing the recoverability of these assets, particularly in estimating future cash flows and deriving the appropriate discount rates. As a result, there is a risk that impairments are not identified and the value of the Group's non-current assets is overstated. Goodwill is now allocated by reportable segment, Food & Beverage Solutions and Primary Products. This is because the continued integration of the operating businesses means that the synergies of the related acquisitions are now considered to be realised principally at the Group operating segment reporting level. As a result, there was a reallocation of goodwill at the Food & Beverage Solutions and Primary Products division level based on an assessment of their relative fair values. Other intangible assets total £144 million, of which the capitalisation and recoverability of development costs is the most subjective. *Refer to the Audit Committee Report (page 90); accounting policies (page 132); and Note 18 of the consolidated financial statements*	Procedures on the carrying value of goodwill and acquired intangible assets were performed centrally by the Group audit team. In scope component teams completed testing where intangible assets were held locally. Procedures completed were: Goodwill and acquired intangibles — We developed our understanding of the methodology applied by management in performing its impairment test for the cash generating units (CGUs). We challenged the determination of the CGUs themselves focusing on the justification for the reallocation in the year and the basis on which it was performed — We walked through the key controls over the goodwill and other acquired intangibles process — We reviewed and challenged the key information and assumptions used in determining the valuation. These assumptions include the discount rate, where we re-performed the calculation with the support of our specialists, and cash flow forecasts, which we compared to historic trends, industry trends and approved Board forecasts, and long-term growth rates, which we compared to market projections — We also conducted a sensitivity analysis to understand by how much these projections would need to change by for there to be an indicator of impairment — We challenged management's consideration as to whether indicators of impairment existed for acquired intangible assets, through reference to the performance of the specific assets and projections for their ongoing use, leveraging the work performed at the CGU level where appropriate — We assessed the adequacy of the disclosures made against the requirements of IAS 36 Impairment of assets. For development costs specifically: — We walked through management's process, identifying key controls and seeking evidence of sufficient documentary evidence of project approvals. This included minutes from monthly management meetings, where the viability of individual projects are assessed and documented — We vouched a sample of these additions to invoices to confirm the valuation of the capitalised amounts — We compared projected cash flows of individual projects, challenging the recoverability of these projects when compared to management's forecasts.	We reported our conclusions to the Audit Committee that the assumptions relating to the impairment models fell within acceptable ranges. Based on the procedures performed, we agree with management's conclusion that no material impairment of goodwill and acquired intangibles or development costs was required at year end.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Unrealised profit in inventory from intercompany sales (Group) There are significant intercompany flows from manufacturing plants to sales entities globally. Due to the volume of intercompany sales in the Group, adjustments made for unrealised profits are material and could pose a risk for management manipulation. The principal risk is in relation to the Food & Beverage Solutions division including Sucralose where a significant proportion of products sold are sourced from Group manufacturing facilities.	Procedures on the unrealised profit in inventory on intercompany sales were performed centrally by the Group audit team. We performed the following procedures to address the specific risk in Food & Beverage Solutions including Sucralose: — We completed a walkthrough of the process, identifying the key controls and inputs into the calculations — We discussed the year-end calculation with divisional management and the shared service centre to *validate our understanding* — We tested the key inputs to the year-end calculation on a sample basis, in particular intercompany margin and inventory balances, agreeing to underlying records and transfer pricing documentation — We confirmed the posting of the year-end journal entries to the general ledger — We performed overall analytical review procedures by segment on the total balance at the year-end as compared to the prior year-end, investigating any material variances — We performed a reasonableness test applying the third party sale margins to intercompany stock on hand and compared this to the year-end unrealised profit in inventory from intercompany sale adjustment.	Based on the procedures performed, we are satisfied that the inputs to the calculation of unrealised profit in inventory calculation are appropriate and complete and the elimination adjustment is fairly stated.
Investment in subsidiaries (Parent Company) **£1,070 million (2018 – £1,037 million)** The Parent Company's principal activity is that of a holding company for the investment in a number of subsidiaries. As such the carrying value of these investments is a key audit matter. *Refer to accounting policies (page 178); and Note 2 of the Parent Company financial statements*	Procedures performed by the Group audit team were: — We obtained details of the investment carrying amounts in subsidiaries and compared this to the Parent Company's share of the net assets of those entities — We leveraged the Group impairment work to test whether the carrying value of investments is supportable at year end and confirmed management's conclusion that no impairment was required. This was primarily substantiated through mapping the output of the Group CGU testing to the relevant subsidiaries that the parent entity holds, and ensuring that the value in use for each exceeded the carrying value — We compared the market capitalisation of the Group to the carrying value of the investments to identify if any indicators of impairment existed.	Based on the procedures performed, we believe that the carrying value of the investments recognised in the Parent Company balance sheet is supportable.

The risks of material misstatement as set out in the table above are consistent with those reported by Tate & Lyle PLC's previous external auditor, with the exception of the inclusion in 2019 of unrealised profit in inventory from intercompany sales and the removal of complex tax accounting and uncertain tax positions (Group) and retirement benefit obligations and assets (Group) which we do not consider to be key audit matters this year.

Independent auditor's report to the members of Tate & Lyle PLC (continued)

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

Of the eight components selected, we performed an audit of the complete financial information of four components ('full scope components') which were selected based on their size or risk characteristics. For the remaining four components ('specific scope components'), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 85% of our profit measure, 80% of the Group's revenue and 81% of the Group's total assets. For the current year, the full scope components contributed 81% of our profit measure (as defined above), 68% of the Group's revenue and 76% of the Group's total assets. The specific scope components contributed 4% of our profit measure (as defined above), 12% of the Group's revenue and 5% of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining components that together represent 15% of our profit measure (as defined above), 20% of the Group's revenue and 19% of the Group's total assets, none are individually greater than 10% of our profit measure (as defined above). For these components, we performed other procedures, including analytical review, specified procedures on material accounts, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

PROFIT

- 81% – Full scope components
- 4% – Specific scope components
- 15% – Other procedures

REVENUE

- 68% – Full scope components
- 12% – Specific scope components
- 20% – Other procedures

TOTAL ASSETS

- 76% – Full scope components
- 5% – Specific scope components
- 19% – Other procedures

* Profit as defined above

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the four full scope components, audit procedures were performed on two of these directly by the Group audit team, with the remaining two being completed by component auditors. For the four specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

At the start of the audit, a global team planning event was held in Chicago, with representatives from the UK Group, US and Polish shared service centre teams in attendance. The UK Group team held planning calls with all other in-scope locations. Detailed instructions were sent to all in-scope teams. These instructions covered the significant areas that should be addressed by the component team auditors (which included the relative risks of material misstatement detailed above) and set out the information to be reported back to the Group audit team. In addition, during the period the Senior Statutory Auditor or other senior members of the Group audit team visited the shared service centre in Poland, Brazil and the US. Additionally, we met with the non-EY firm audit team for the Group's joint venture in Mexico. These visits involved meeting with our component team to discuss and direct its audit approach, reviewing and understanding the significant audit findings in response to the risk areas, holding meetings with local management, undertaking plant tours and obtaining an update on IT systems and local regulatory matters including tax, pensions and legal. The Group audit team interacted regularly with the component teams and Polish shared service centre audit team during various stages of the audit, reviewed key working papers and were responsible for scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £15 million, which is 5% of profit before tax adjusted for exceptional items and the Group's share of tax of joint ventures. Profit before tax provided the most relevant performance measure, as the exceptional items were non-recurring and not related to the ongoing trading of the Group.

Starting basis	— £240 million — Profit before tax
Add back adjustments	— £58 million exceptional items — £12 million Group's share of tax of joint ventures
Materiality	— Totals £310 million (materiality basis) — Materiality of £15 million (5% of materiality basis)

We determined materiality for the Parent Company to be £12.6 million, which is 0.5% of total assets.

Independent auditor's report to the members of Tate & Lyle PLC (continued)

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £11.3 million. We have set performance materiality at this percentage due to our assessment of the control environment and judgement.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole, and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £11.3 million to £1.1 million.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.75 million, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report and accounts set out on pages 182 to 189, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 113 – the statement given by the Directors that they consider 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 performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting set out on page 89 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee or is materially inconsistent with our knowledge obtained in the audit; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 77 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' statement of responsibilities set out on page 113, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (IFRS, FRS 101, the Companies Act 2006 and the UK Corporate Governance Code) and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety and employee matters. We understood how the Group is complying with those frameworks by making enquires of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, Group management, internal audit, and divisional management and all full and specific scope management; and focused testing, as referred to in the key audit matters section above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Independent auditor's report to the members of Tate & Lyle PLC (continued)

Other matters we are required to address

- Following the recommendation of the Audit Committee, we were appointed as auditor by the shareholders and signed an engagement letter on 7 November 2018. We were appointed by the Company at the AGM on 26 July 2018 to audit the financial statements for the period ended 31 March 2019. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Lloyd Brown
(Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

22 May 2019

Consolidated income statement

Continuing operations	Notes	Year ended 31 March 2019 £m	2018 £m
Sales	5	**2 755**	2 710
Operating profit	6	**236**	290
Finance income	10	**5**	2
Finance expense	10	**(31)**	(34)
Share of profit after tax of joint ventures and associates	20	**30**	28
Profit before tax		**240**	286
Income tax expense	11	**(59)**	(23)
Profit for the year – continuing operations		**181**	263
Profit for the year – discontinued operations		**–**	2
Profit for the year – total operations		**181**	265

Profit for the years presented from total operations is entirely attributable to owners of the Company.

Earnings per share		**Pence**	Pence
Continuing operations:	12		
— basic		**39.2p**	57.0p
— diluted		**38.6p**	56.1p
Total operations:	12		
— basic		**39.2p**	57.4p
— diluted		**38.6p**	56.5p

Analysis of adjusted profit for the year – continuing operations		**£m**	Restated* £m
Profit before tax		**240**	286
Adjusted for:			
Net exceptional charge/(gain)	8	**58**	(2)
Amortisation of acquired intangible assets	18	**11**	12
Adjusted profit before tax	4	**309**	296
Adjusted income tax expense	4, 11	**(65)**	(64)
Adjusted profit for the year	4	**244**	232

* Comparatives restated as the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures. Refer to Note 1.

Consolidated statement of comprehensive income

	Notes	Year ended 31 March 2019 £m	2018 £m
Profit for the year		**181**	265
Other comprehensive income/(expense)			
Items that have been/may be reclassified to profit or loss:			
Gain/(loss) on currency translation of foreign operations	22	**75**	(122)
Fair value (loss)/gain on net investment hedges	22	**(24)**	39
Share of other comprehensive income/(expense) of joint ventures and associates	20, 22	**4**	(9)
Amounts transferred to the income statement upon disposal of associate	22, 32	**-**	(1)
Fair value gain on cash flow hedges transferred to the income statement	22	**-**	(4)
Fair value gain on available-for-sale financial assets	22	**-**	3
Tax effect of the above items	11, 22	**-**	-
		55	(94)
Items that will not be reclassified to profit or loss:			
Re-measurement of retirement benefit plans:			
– return on plan assets	28	**29**	2
– net actuarial (loss)/gain on retirement benefit obligations	28	**(34)**	41
Changes in the fair value of equity investments at fair value through OCI	17, 22	**2**	-
Tax effect of the above items	11	**10**	(33)
		7	10
Total other comprehensive income/(expense)		**62**	(84)
Total comprehensive income		**243**	181
Analysed by:			
– continuing operations		**243**	179
– discontinued operations		**-**	2
Total comprehensive income		**243**	181

Total comprehensive income is entirely attributable to owners of the Company.

Consolidated statement of financial position

	Notes	2019 £m	2018 £m
		At 31 March	
ASSETS			
Non-current assets			
Goodwill and other intangible assets	18	**342**	360
Property, plant and equipment	19	**982**	965
Investments in joint ventures	20	**102**	85
Investments in equities	17	**59**	–
Available-for-sale financial assets	17	**–**	37
Retirement benefit surplus	28	**207**	178
Deferred tax assets	11	**3**	7
Trade and other receivables	16	**2**	3
Derivative financial instruments	26	**–**	8
		1 697	1 643
Current assets			
Inventories	14	**434**	419
Trade and other receivables	16	**325**	294
Current tax assets	11	**4**	1
Derivative financial instruments	26	**48**	24
Cash and cash equivalents	15	**285**	190
		1 096	928
TOTAL ASSETS		**2 793**	2 571
EQUITY			
Capital and reserves			
Share capital	21	**117**	117
Share premium	21	**406**	406
Capital redemption reserve		**8**	8
Other reserves	22	**217**	159
Retained earnings		**741**	677
Equity attributable to owners of the Company		**1 489**	1 367
TOTAL EQUITY		**1 489**	1 367
LIABILITIES			
Non-current liabilities			
Borrowings	24	**373**	554
Retirement benefit deficit	28	**183**	160
Deferred tax liabilities	11	**46**	42
Provisions	30	**20**	15
Trade and other payables	23	**–**	10
Derivative financial instruments	26	**1**	21
		623	802
Current liabilities			
Borrowings	24	**224**	16
Trade and other payables	23	**342**	312
Provisions	30	**24**	5
Current tax liabilities	11	**45**	57
Derivative financial instruments	26	**46**	12
		681	402
TOTAL LIABILITIES		**1 304**	1 204
TOTAL EQUITY AND LIABILITIES		**2 793**	2 571

The notes on pages 130 to 175 form part of these financial statements. The consolidated financial statements on pages 125 to 175 were approved by the Board of Directors on 22 May 2019 and signed on its behalf by:

Nick Hampton *Director*

Imran Nawaz *Director*

Consolidated statement of cash flows

	Notes	Year ended 31 March 2019 £m	2018 £m
Cash flows from operating activities			
Profit before tax from continuing operations		**240**	286
Adjustments for:			
— depreciation of property, plant and equipment	19	**112**	114
— amortisation of intangible assets	18	**40**	40
— share-based payments	29	**18**	15
— exceptional income statement items	8	**51**	(4)
— net finance expense	10	**26**	32
— share of profit after tax of joint ventures and associates	20	**(30)**	(28)
Net retirement benefit obligations, comprising:			
— accelerated US defined benefit schemes contribution (exceptional)	8	**-**	(56)
— underlying funding		**(25)**	(38)
Changes in working capital and other non-cash movements		**(16)**	(36)
Cash generated from continuing operations		**416**	325
Net income tax paid, comprising:			
— cash tax benefit on accelerated contribution (exceptional)	8	**-**	20
— net underlying income tax paid		**(58)**	(31)
Interest paid		**(28)**	(27)
Cash used in discontinued operations		**-**	(1)
Net cash generated from operating activities		**330**	286
Cash flows from investing activities			
Purchase of property, plant and equipment		**(103)**	(111)
Disposal of property, plant and equipment (exceptional)	8	**3**	-
Investments in intangible assets		**(27)**	(20)
Disposal of associates		**-**	5
Purchase of equity investments	17	**(20)**	-
Disposal of equity investments	17	**3**	-
Purchase of available-for-sale financial assets		**-**	(8)
Disposal of available-for-sale financial assets		**-**	4
Acquisition of non-controlling interest	32	**(9)**	-
Interest received		**5**	2
Dividends received from joint ventures and associates	20	**21**	26
Sale and leaseback of railcars (exceptional)	8	**16**	-
Net cash used in investing activities		**(111)**	(102)
Cash flows from financing activities			
Purchase of own shares including net settlement	21, 29	**(8)**	(27)
Cash inflow from additional borrowings		**5**	4
Cash outflow from repayment of borrowings		**(1)**	(77)
Repayment of capital element of finance leases		**(2)**	(1)
Dividends paid to the owners of the Company	13	**(134)**	(131)
Net cash used in financing activities		**(140)**	(232)
Cash and cash equivalents			
Balance at beginning of year		**190**	261
Net increase/(decrease) in cash and cash equivalents	25	**79**	(48)
Currency translation differences	25	**16**	(23)
Balance at end of year	15	**285**	190

A reconciliation of the movement in cash and cash equivalents to the movement in net debt is presented in Note 25.

Consolidated statement of changes in equity

	Share capital and share premium £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2017	523	8	253	548	1 332
Profit for the year – total operations	–	–	–	265	265
Other comprehensive (expense)/income	–	–	(94)	10	(84)
Total comprehensive (expense)/income	–	–	(94)	275	181
Share-based payments, net of tax	–	–	–	12	12
Purchase of own shares to trust or treasury (Note 21)	–	–	–	(27)	(27)
Dividends paid (Note 13)	–	–	–	(131)	(131)
At 31 March 2018	523	8	159	677	1 367
Profit for the year – total operations	**–**	**–**	**–**	**181**	**181**
Other comprehensive income	**–**	**–**	**57**	**5**	**62**
Total comprehensive income	**–**	**–**	**57**	**186**	**243**
Hedging losses transferred to inventory	**–**	**–**	**1**	**–**	**1**
Transactions with owners:					
Share-based payments, net of tax	**–**	**–**	**–**	**20**	**20**
Purchase of own shares including net settlement (Note 21)	**–**	**–**	**–**	**(8)**	**(8)**
Dividends paid (Note 13)	**–**	**–**	**–**	**(134)**	**(134)**
At 31 March 2019	**523**	**8**	**217**	**741**	**1 489**

Total equity is entirely attributable to owners of the Company.

Dividends on ordinary shares (pence per share)	Note	Year ended 31 March **2019 Pence**	 2018 Pence
In respect of the financial year:			
— interim	13	**8.6**	8.4
— final	13	**20.8**	20.3
		29.4	28.7
Paid in the financial year:			
— interim – in respect of the financial year	13	**8.6**	8.4
— final – in respect of the previous financial year	13	**20.3**	19.8
		28.9	28.2

Notes to the consolidated financial statements

1. BASIS OF PREPARATION

Description of business
Tate & Lyle PLC (the Company) is a public limited company incorporated in the United Kingdom and registered in England. The Company's ordinary shares are listed on the London Stock Exchange.

The Company and its subsidiaries (together 'the Group') provide ingredients and solutions to the food, beverage and other industries. The Group operates from numerous production facilities around the world.

The Group's continuing operations comprise three reportable segments: Food & Beverage Solutions, Sucralose and Primary Products. Segment information is presented in Note 5.

Accounting period
The Group's annual financial statements are drawn up to 31 March. These financial statements cover the year ended 31 March 2019 with comparative financials for the year ended 31 March 2018.

Basis of accounting
The consolidated financial statements on pages 125 to 175 have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations as adopted for use in the European Union and those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS.

The Directors are satisfied that the Group has adequate resources to continue to operate for a period not less than 12 months from the date of approval of the financial statements and that there are no material uncertainties around their assessment. Accordingly, the Directors continue to adopt the going concern basis of accounting.

The Group's principal accounting policies have been consistently applied throughout the year. Descriptions and specific accounting policy information on how the Group has applied the requirements of IFRS are included throughout the notes to these financial statements. All amounts are rounded to the nearest million, unless otherwise indicated.

Foreign currency
The consolidated financial statements are presented in pounds sterling, which is also the Company's functional currency.

Where changes in constant currency are presented, they are calculated by retranslating current year results at prior year exchange rates. Calculations of changes in constant currency have been included in 'Additional information' within this document.

Accounting standards adopted during the year
In the current year, the Group has adopted, with effect from 1 April 2018, the following new accounting standards:

– IFRS 9 Financial instruments

– IFRS 15 Revenue from contracts with customers

In accordance with the transitional provisions in IFRS 9 and IFRS 15 comparative figures have not been restated.

The adoption of these new accounting standards has not had a material effect on the Group's financial statements. Refer to Note 35 for further details.

Alternative performance measures
The Group also presents alternative performance measures, including adjusted operating profit, adjusted profit before tax, adjusted earnings per share and adjusted free cash flow, which are used for internal performance analysis and incentive compensation arrangements for employees. They are presented because they provide investors with additional information about the performance of the business which the Directors consider to be valuable. Reconciliations of the alternative performance measures to the most directly comparable IFRS measures are presented in Note 4.

Restatement of alternative performance measures
Following the payments in the year ended 31 March 2018 to enhance the funding status of the Group's US pension schemes which reduced net retirement benefit interest to an immaterial level, the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures. The adjusted results for the year ended 31 March 2018 have been restated accordingly.

	Year ended 31 March 2018		
Continuing operations £m unless otherwise stated	**As reported**	**Adjusting items**	**Restated**
Adjusted profit before tax	301	(5)	296
Adjusted income tax expense	(66)	2	(64)
Adjusted profit for the year	235	(3)	232
Adjusted basic earnings per share	50.9p	(0.6p)	50.3p
Adjusted diluted earnings per share	50.1p	(0.7p)	49.4p
Adjusted effective tax rate	21.9%	(0.4%)	21.5%

Alternative performance measures reported by the Group are not defined terms under IFRS and may therefore not be comparable with similarly-titled measures reported by other companies.

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and used estimates and assumptions in establishing the reported amounts of assets, liabilities, income and expense under the Group's accounting policies. Judgements are based on the best evidence available to management. Estimates are based on factors including historical experience and expectations of future events, corroborated with external information where possible. Judgements and estimates and their underlying assumptions are reviewed and updated on an ongoing basis, with any revisions being recognised prospectively. However, given the inherent uncertainty of such estimates, the actual results might differ significantly from the anticipated ones.

Information about the accounting estimates and judgements made in applying these accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are set out below.

Fair value of purchases, sales and inventory of corn-based products (Notes 14, 26 and 27)
The Group manages its US net corn position, comprising the purchase, sale and inventory of corn and corn-based goods, including co-products, on a net basis. Each element of the net corn position is marked to market on the basis that carrying all elements of the position at market value aligns with the underlying economics of the business. The Group uses financial instruments (mainly corn futures contracts) to manage this net position.

There is judgement used in the application of fair value accounting and estimation uncertainty in determining those fair values.

Corn and co-product positions in Europe are measured and carried at the lower of cost and net realisable value, since the European business does not currently have the potential to hedge corn price risk on a similar basis to the US.

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES continued

Fair value of purchases, sales and inventory of corn-based products (Notes 14, 26 and 27) continued

		Year ended 31 March	
	Footnotes	**2019 £m**	2018 £m
Corn purchase contracts	(a)	**(10)**	5
Corn and co-products sale contracts	(b)	**41**	6
Financial instrument products	(c)	**(5)**	–
Total recorded in derivative financial instruments (Note 26)		**26**	11
Corn and co-products inventory	(d)	**(14)**	6
Less: futures contracts held on behalf of customers*		**3**	(2)
Net corn position		**15**	15

* Movements on these items do not affect the income statement.

Key sources of judgement
Each element of the US net corn position is accounted for as follows:

(a) Contracts for the physical purchase of corn are marked to market in accordance with IFRS 9 with any gains or losses recognised immediately in the income statement. Fair value is determined by reference to the Chicago Mercantile Exchange. These are principally classified as Level 2 Financial instruments (refer to Note 26).

(b) Contracts for the sale of corn-based finished goods, including co-products, are marked to market in accordance with IFRS 9 with any gains or losses recognised immediately in the income statement. Contracts for the sale of corn and corn-based products are deemed to be 'net settled' as there is considered to be an established practice of settling similar contracts on a net basis. Fair value is determined by reference to management's own assessment of future pricing and the Chicago Mercantile Exchange as applicable. These are principally classified as Level 3 Financial instruments (refer to Note 26).

(c) Financial instruments (mainly corn futures contracts) are carried at fair value with any gains or losses recognised immediately in the income statement. Fair value is determined by reference to quoted prices for these instruments on the Chicago Mercantile Exchange. These are classified as Level 1 Financial instruments (refer to Note 26).

(d) Corn inventories are measured at net realisable value reflecting an established practice within the industry. Gains or losses are recognised immediately in the income statement. The net realisable value of inventory is considered to be the same as its fair value as it is referenced to sales contracts which themselves are recognised at fair value. Fair value is determined by reference to management's own assessment of future pricing and the Chicago Mercantile Exchange as applicable.

Key sources of estimation uncertainty
Management uses estimates in deriving these fair values, which involves calculating the basis and the price at which the Group will purchase or sell its net corn position in the future. Basis refers to the difference between the futures price of corn and the local cash price.

The inputs in these calculations are classified as observable where referenced to a quoted market or unobservable when determined by in-house experts, with reference to sources such as the expected pricing for co-products.

The Group discloses its sensitivity to the corn price in Note 27 and valuation techniques and sensitivity analysis on the price of co-products and basis (Level 3 financial instruments) in Note 26. Due to the complexity and interdependence of related assumptions, the overall net realised value could be different.

Taxation (Note 11)

Key sources of estimation uncertainty
The key sources of estimation uncertainty affecting the sustainability of the Group's effective tax rate are as follows:

- Changes to tax legislation: changes in the US or in other jurisdictions in which the Group operates, including the application of legislation determining taxable income in a given jurisdiction, could materially impact the effective tax rate in the future.
- The timing of recognising tax benefits from brought-forward losses in the UK: the extent of UK taxable profits utilised in subsequent years may be subject to variability, impacting the Group's tax charge.
- Material changes in the geographic mix of profits: the Group's effective tax rate is sensitive to the geographic mix of profits. If the geographic mix of profits were to change materially, through changes in the composition of the Group's business or changes in performance, the effective tax rate could change materially.
- Resolution of tax judgements arising from current or future tax issues: at any one time, the Group can be subject to a number of challenges by tax authorities in the jurisdictions in which it operates. Assessment of uncertainties regarding enquiries raised and additional tax assessments issued are made using in-house tax experts, professional firms and previous experience as applicable. Provisions if required have been measured using the most likely outcome approach. The outcome of these challenges is inherently uncertain, potentially resulting in a different tax charge from the amounts initially provided. At 31 March 2019, the Group carried provisions in respect of uncertain tax positions totalling £52 million (2018 – £57 million).

Retirement benefit plans (Note 28)
At 31 March 2019, the present value of the benefit obligations of the plans was £1,647 million (2018 – £1,612 million). The present value of the benefit obligations is based on key assumptions including actuarial estimates of the future benefits that will be payable to the members of the plans. Changes to key assumptions could have a material impact on the reported amounts.

Key source of judgement
Where a plan is in surplus, the surplus recognised is limited to the present value of any amounts that the Group expects to recover by way of refunds or a reduction in future contributions. The UK schemes are currently in a net surplus position of £181 million (2018 – £157 million).

The Group considers that it has an unconditional right to the surplus relating to the UK plan as the scheme rules state that as agreed with the trustees any surplus should be returned to the Group in the event that there are no members left in the pension scheme.

Key sources of estimation uncertainty
The present value of the benefit obligations is most sensitive to the discount rate applied to the benefit obligations, assumed life expectancies, and expected future inflation rates. Sensitivity analysis is included in Note 28.

Notes to the consolidated financial statements (continued)

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES continued

Retirement benefit plans (Note 28) continued

Key sources of estimation uncertainty continued
Whilst the Group establishes the assumptions on a consistent basis reflecting advice from qualified actuaries, based on published indices and other actuarial data, management must apply judgement in selecting the most appropriate value from within an acceptable range.

Changes in the assumptions used in determining the present value of the benefit obligations will have an impact on the Group's income statement through their effect on the service cost and the interest on the net deficit or surplus in the plans. However, most of the impact of such changes, together with fluctuations in the actual return on the plan assets, will be reflected in other comprehensive income.

Exceptional items (Note 8)

Key source of judgement
Exceptional items comprise items of income, expense and cash flow, including tax items that: are material in amount; and are outside the normal course of business or relate to events which do not frequently recur, and therefore merit separate disclosure in order to provide a better understanding of the Group's underlying financial performance. Examples of events that give rise to the disclosure of material items of income, expense and cash flow as exceptional items include, but are not limited to: impairment events; significant business transformation activities; disposals of operations or significant individual assets; litigation claims by or against the Group and restructuring of components of the Group's operations.

For tax items to be treated as exceptional, amounts must be material and their treatment as exceptional enable a better understanding of the Group's underlying financial performance.

Exceptional items in the Group's financial statements are classified on a consistent basis across accounting periods.

3. KEY ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of certain investments in equities, derivative financial instruments, certain inventories, assets held by defined benefit pension plans and intangible and tangible assets acquired in a business combination.

Descriptions and specific accounting policy information on how the Group has applied the requirements of IFRS are included throughout the notes to these financial statements.

Key accounting policies, where information can be found in the applicable note, include:

- Revenue recognition (Note 5)
- Income taxes (Note 11)
- Goodwill and other intangible assets (Note 18)
- Foreign currency translation of subsidiaries (Note 22)
- Financial instruments (Note 26)
- Retirement benefit obligations (Note 28)
- Share-based payments (Note 29)

Accounting standards issued but not yet adopted
The following new standards have been issued and are relevant to the Group, but were not effective for the financial year beginning 1 April 2018, and have not been adopted early:

IFRS 16 Leases (effective for the year commencing 1 April 2019)
The standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model, requiring the recognition of lease commitments on the statement of financial position as liabilities and the recognition of associated 'right-of-use' (ROU) assets if the recognition criteria is met. The standard has no economic impact on the Group. It does not affect how the business is run and has no impact on cash flows.

The Group intends to use the modified retrospective transition approach and as permitted by the standard will not restate comparatives. Wherever practicable the Group will recognise ROU assets at the present value of the future lease payments at the original start of each lease, net of the implied accumulated depreciation up to the date of adoption of the standard.

The Group expects that the impact of adoption as at 1 April 2019 will be to create ROU assets of around £150 million recognised within non-current assets and lease liabilities of around £170 million recognised within current and non-current liabilities.

Key points arising on the adoption of the standard are as follows:

1. There will be a reduction in operating expenses and an increase in finance costs as operating lease costs are replaced with depreciation and lease interest expense. The overall impact on the income statement is expected to reduce adjusted diluted earnings per share growth in the 2020 financial year by circa 1 percent.
2. Upon adoption net debt is likely to increase by around £170 million, reflecting the value of lease liabilities brought onto the balance sheet. Net debt to EBITDA is expected to increase by around 0.3 times.
3. Adjusted free cash flow, one of the Group's alternative performance measures, is expected to increase by around £30 million to £35 million as lease payments will be classified as financing rather than operating cash outflows.
4. The Group has opted to use the available practical expedients in respect of leases of less than 12 months duration and leases for low value items and excluded them from the scope of IFRS 16.
5. The adoption of IFRS 16 will require the Group to make a number of judgements, estimates and assumptions. These include:
   - The term of each lease is assumed to be the original lease term unless management judges that it is reasonably certain to exercise options to extend the lease.
   - The discount rates used to discount future lease payments are the Group's estimated incremental borrowing rates applicable to each asset. These rates reflect the underlying lease terms and are based on observable inputs.

IFRIC 23 *Uncertainty over Income Tax Treatments (effective for the year commencing 1 April 2019)*
The interpretation is to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The financial impact of this, together with any other implications of this interpretation is not expected to have a material impact on the Group's financial statements.

No other new standards, new interpretations or amendments to standards or interpretations have been published which are expected to have a significant impact on the Group's financial statements.

4. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Income statement measures

For the reasons set out in Note 1, the Group presents alternative performance measures including adjusted operating profit, adjusted profit before tax and adjusted earnings per share.

For the years presented, these alternative performance measures exclude, where relevant:

- Exceptional items (excluded as they are material in amount; and are outside the normal course of business or relate to events which do not frequently recur, and therefore merit separate disclosure in order to provide a better understanding of the Group's underlying financial performance);
- Amortisation of acquired intangible assets (costs associated with amounts recognised through acquisition accounting that impact earnings compared to organic investments); and
- Tax on the above items and tax items that themselves meet these definitions. For tax items to be treated as exceptional, amounts must be material and their treatment as exceptional enable a better understanding of the Group's underlying financial performance.

Following the payments in the year ended 31 March 2018 to enhance the funding status of the Group's US pension schemes which reduced net retirement benefit interest to an immaterial level, the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures. The adjusted results for the year ended 31 March 2018 have been restated accordingly as presented in Note 1.

The following table shows the reconciliation of the key income statement alternative performance measures to the most directly comparable measures reported in accordance with IFRS:

	Year ended 31 March 2019			Restated* Year ended 31 March 2018		
Continuing operations £m unless otherwise stated	**IFRS reported**	**Adjusting items**	**Adjusted reported**	IFRS reported	Adjusting items	Adjusted reported
Sales	**2 755**	**–**	**2 755**	2 710	–	2 710
Operating profit	**236**	**69**	**305**	290	10	300
Net finance expense	**(26)**	**–**	**(26)**	(32)	–	(32)
Share of profit after tax of joint ventures and associates	**30**	**–**	**30**	28	–	28
Profit before tax	**240**	**69**	**309**	286	10	296
Income tax expense	**(59)**	**(6)**	**(65)**	(23)	(41)	(64)
Profit for the year	**181**	**63**	**244**	263	(31)	232
Basic earnings per share (pence)	**39.2p**	**13.6p**	**52.8p**	57.0p	(6.7p)	50.3p
Diluted earnings per share (pence)	**38.6p**	**13.4p**	**52.0p**	56.1p	(6.7p)	49.4p
Effective tax rate expense %	**24.4%**	**(3.4%)**	**21.0%**	8.1%	13.4%	21.5%

* Comparatives restated as the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures. Refer to Note 1.

The following table shows the reconciliation of the adjusting items impacting adjusted profit for the year in the current and comparative year:

		Year ended 31 March	
Continuing operations	Notes	**2019 £m**	Restated* 2018 £m
Exceptional loss/(gain) in operating profit	8	**58**	(2)
Amortisation of acquired intangible assets	18	**11**	12
Total excluded from adjusted profit before tax		**69**	10
Tax credit on adjusting items	11	**(6)**	(3)
Exceptional tax credits	8, 11	**–**	(38)
Total excluded from adjusted profit for the year		**63**	(31)

* Comparatives restated as the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures. Refer to Note 1.

Notes to the consolidated financial statements (continued)

4. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES continued

Cash flow measure

The Group also presents an alternative cash flow measure, 'Adjusted free cash flow' which is defined as cash generated from continuing operations, after net interest and tax paid, and capital expenditure and excluding the impact of exceptional items. In the prior year the Group presented an additional cash flow alternative performance measure, 'Adjusted operating cash flow' but this is no longer used by the Group and so has been removed.

The following table shows the reconciliation of adjusted free cash flow:

Continuing operations	Year ended 31 March 2019 £m	2018 £m
Adjusted operating profit	**305**	300
Adjusted for:		
Depreciation and adjusted amortisation	**141**	142
Share-based payments charge	**18**	15
Changes in working capital and other non-cash movements	**(16)**	(36)
Net retirement benefit obligations	**(25)**	(94)
Less: accelerated US defined benefit schemes contribution (exceptional cash flows)	**-**	56
Capital expenditure	**(130)**	(131)
Net interest and tax paid	**(81)**	(36)
Less: cash tax benefit on accelerated contribution (exceptional cash flows)	**-**	(20)
Adjusted free cash flow	**212**	196

Financial strength measures

The Group uses three financial metrics as key performance measures to assess its financial strength. These are the net debt to EBITDA ratio, the interest cover ratio and the return on capital employed ratio.

In the past the net debt to EBITDA ratio and the interest cover ratio were reported in line with the calculation methodology used for financial covenants on the Group's borrowing facilities. Following the refinancing of the US$800 million revolving credit facility in the year (refer to Note 24) the new facility adopted amended covenant definitions. For the purposes of KPI reporting, the Group has simplified the calculation of these KPIs to make them more directly related to information in the Group's financial statements.

All ratios are calculated based on unrounded figures in £ million.

The net debt to EBITDA ratio is as follows:

		31 March 2019 £m	2018* £m
Calculation of net debt to EBITDA ratio			
Net debt	25	**337**	392
Adjusted operating profit		**305**	300
Add back depreciation and adjusted amortisation		**141**	142
Pre-exceptional EBITDA		**446**	442
Net debt to EBITDA ratio (times)		**0.8**	0.9

* Comparatives have been restated in line with the new calculation methodology. The net debt to EBITDA ratio calculated on the financial covenant methodology is 0.7 times (2018 – 0.8 times). Refer to Note 27.

The interest cover ratio is as follows:

		31 March 2019 £m	2018* £m
Calculation of interest cover ratio			
Adjusted operating profit		**305**	300
Net finance expense	10	**26**	32
Interest cover ratio (times)		**11.6**	9.4

* Comparatives have been restated in line with the new calculation methodology. The interest cover ratio calculated on the financial covenant methodology is 15.3 times (2018 – 14.6 times). Refer to Note 27.

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4. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES continued

Financial strength measures continued

The return on capital employed ratio is as follows:

			31 March
	2019 £m	2018 £m	2017 £m
Calculation of return on capital employed			
Adjusted operating profit	**305**	300	
Add back amortisation on acquired intangible assets	**(11)**	(12)	
Profit before interest, tax and exceptional items from continuing operations for ROCE	**294**	288	
Goodwill and other intangible assets	**342**	360	401
Property, plant and equipment	**982**	965	1 061
Working capital, provisions and non-debt derivatives	**401**	385	394
Invested operating capital of continuing operations	**1 725**	1 710	1 856
Average invested operating capital*	**1 718**	1 783	
Return on capital employed (ROCE) %	**17.1%**	16.2%	

* Average invested operating capital represents the average at the beginning and end of the year of goodwill and other intangible assets, property, plant and equipment, working capital, provisions and non-debt derivatives.

5. SEGMENT INFORMATION

Segment information is presented on a basis consistent with the information presented to the Board (the designated Chief Operating Decision Maker) for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. Continuing operations comprise three reportable segments: Food & Beverage Solutions, Sucralose and Primary Products. Food & Beverage Solutions operates in the key categories of beverages, dairy and soups. Sucralose, a high intensity sweetener, is used in various food categories and beverages. Primary Products has strong market positions in high-volume sweeteners and industrial starches.

Central, which comprises central costs including head office, treasury and insurance activities, does not meet the definition of an operating segment under IFRS 8 Operating segments but is included in order to be consistent with the presentation of segment information presented to the Board. The segments are served by a single manufacturing network, and receive services from a number of global support functions. The segmental allocation of costs is performed using standard product costs to allocate all direct costs (including manufacturing facility-based depreciation) and allocation keys for all indirect costs (including share-based payments and amortisation) consistently applied over time.

The Board uses adjusted operating profit as the measure of the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses year on year. During the years presented, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of acquired intangible assets and exceptional items. The segmental classification of exceptional items is detailed in Note 8.

Revenue recognition

Revenue from contracts with customers (referred to as 'sales') is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer at a point in time.

Discounts mainly comprise volume-driven rebates. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. A liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

Where costs are paid to obtain a contract in advance, the resultant asset is amortised against revenue in accordance with performance under the agreement.

No element of financing is deemed present as the sales are made with a credit term in general between 30 to 60 days, which is consistent with market practice.

Notes to the consolidated financial statements (continued)

5. SEGMENT INFORMATION continued

Segment results

Year ended 31 March

Continuing operations	Food & Beverage Solutions £m	Sucralose £m	Primary Products £m	Central £m	Total £m
Sales	**889**	**164**	**1 702**	**–**	**2 755**
Adjusted operating profit*	**143**	**61**	**148**	**(47)**	**305**
Adjusted operating margin	**16.1%**	**37.0%**	**8.7%**	**n/a**	**11.1%**
Included within operating profit:					
– depreciation	**36**	**9**	**66**	**1**	**112**
– amortisation	**28**	**–**	**10**	**2**	**40**
– share-based payments	**6**	**1**	**5**	**6**	**18**

* Reconciled to statutory profit for the year in Note 4.

Year ended 31 March

Continuing operations	Food & Beverage Solutions £m	Sucralose £m	Primary Products £m	Central £m	Total £m
Sales	850	146	1 714	–	2 710
Adjusted operating profit*	137	55	166	(58)	300
Adjusted operating margin	16.1%	37.7%	9.7%	n/a	11.1%
Included within operating profit:					
– depreciation	38	9	66	1	114
– amortisation	30	–	9	1	40
– share-based payments	3	1	4	7	15

Geographic disclosures

Sales

Year ended 31 March

Continuing operations	2019 £m	2018 £m
Food & Beverage Solutions		
North America	**430**	416
Asia Pacific and Latin America	**201**	184
Europe, Middle East and Africa	**258**	250
Food & Beverage Solutions – total	**889**	850
Sucralose – total	**164**	146
Primary Products		
Americas	**1 588**	1 590
Rest of the world	**114**	124
Primary Products – total	**1 702**	1 714
Total	**2 755**	2 710

Sales to the United Kingdom totalled £43 million (2018 – £39 million). No customer contributed more than 10% of the Group's external sales from continuing operations (2018 – no customer contributed more than 10%).

Location of non-current assets
The location of non-current assets, other than financial instruments (including long-term receivables) deferred tax assets, and retirement benefits are as follows:

At 31 March

	2019 £m	2018 £m
United Kingdom	**16**	16
United States	**1 025**	963
Other European countries	**284**	331
Rest of the world	**101**	100
Non-current assets	**1 426**	1 410

6. OPERATING PROFIT

Analysis of operating expenses by nature:

Continuing operations	Notes	Year ended 31 March 2019 £m	2018 £m
Sales		**2 755**	2 710
Operating expenses			
Cost of inventories (included in cost of sales)		**1 368**	1 362
Staff costs (of which £150 million (2018 – £151 million) was included in cost of sales)	9	**334**	336
Depreciation of property, plant and equipment:			
— owned assets (of which £103 million (2018 – £104 million) was included in cost of sales)	19	**110**	113
— leased assets (included in cost of sales)	19	**2**	1
Exceptional loss/(gain)	8	**58**	(2)
Amortisation of intangible assets:			
— acquired intangible assets	18	**11**	12
— other intangible assets	18	**29**	28
Operating lease rentals		**37**	35
Impairment of trade receivables	16	**1**	1
Impairment of intangible assets (non-exceptional items)		**1**	1
Net fair value loss/(gain) on commodity contracts		**1**	(3)
Total net foreign exchange gains*		**(1)**	(2)
Other operating expenses		**568**	538
Total operating expenses		**2 519**	2 420
Operating profit		**236**	290

* Includes fair value movements on debt-related derivatives.

Research expenditure totalling £36 million (2018 – £35 million) is included within amounts above.

7. AUDITORS' REMUNERATION

Fees payable to the Company's external auditors, Ernst & Young LLP and its associates, were as follows. The comparative period relates to fees paid to PricewaterhouseCoopers LLP, the Group's previous auditors.

	Year ended 31 March 2019 £m	2018 £m
Fees payable for the audit of the Company and consolidated financial statements	**1.0**	0.7
Fees payable for other services:		
— the audit of the Company's subsidiaries	**1.4**	1.6
— audit-related assurance services	**0.1**	0.1
Total	**2.5**	2.4

In the prior financial year the auditors received additional remuneration of £0.1 million relating to the audit of the Group's pension scheme and £0.1 million related to the Group's joint ventures.

Notes to the consolidated financial statements (continued)

8. EXCEPTIONAL ITEMS

Exceptional items recognised in arriving at operating profit were as follows:

		Year ended 31 March	
Continuing operations	Footnotes	**2019 £m**	2018 £m
Income statement			
Oats ingredients business disposal	(a)	**(43)**	–
Restructuring costs	(b)	**(13)**	–
Gain on sale and leaseback of railcars	(c)	**14**	–
Asset remediation	(d)	**(16)**	–
Tate & Lyle Ventures gain on disposals	(e)	**–**	2
Exceptional items included in profit before tax		**(58)**	2
US tax adjustments	(f)	**–**	36
UK tax adjustments	(g)	**–**	2
Exceptional items included in income tax		**–**	38
Total exceptional items		**(58)**	40

Exceptional items arising from simplifying the business and driving productivity

In the year ended 31 March 2019, a number of exceptional items have been recognised arising from the Group's activities to focus the portfolio and simplify the business:

(a) Following a strategic review of its oats ingredients business conducted during the financial year, the Group completed the disposal of this business in March 2019, for cash proceeds of £3 million, with a cash outflow of £1 million expected in the 2020 financial year. The exceptional loss recognised in the year ended 31 March 2019, including an impairment charge of £40 million recognised in the first half of the financial year, totalled £43 million. The total charge was recognised within the Food & Beverage Solutions segment.

(b) In May 2018, the Group announced a programme to deliver US$100 million of productivity benefits. The cash cost to implement these savings is estimated at up to US$40 million (£31 million), with any further non-cash costs to be reported as incurred. In the year ended 31 March 2019, the Group recognised a restructuring charge of £13 million, of which £2 million was non-cash, mainly in respect of employee severance and associated programme costs. £6 million was paid during the year. £5 million of the £13 million exceptional charge was recognised within the Food & Beverage Solutions segment and £8 million was classified as central costs.

(c) In the year ended 31 March 2019, the Group exercised an option to buy certain railcars previously held under operating leases. The railcars were subsequently sold and leased back generating an exceptional cash gain of £16 million partially offset by a non-cash charge of £2 million. The net £14 million gain was recognised within the Primary Products segment.

(d) In the year ended 31 March 2019, the Group recognised an exceptional provision of £16 million to remediate environmental health and safety risks associated primarily with idle assets at manufacturing sites in North America. A charge of £14 million was recognised within the Primary Products segment and a charge of £2 million was recognised in the Food & Beverage Solutions segment. The remediation programme is expected to last 24 months and result in total cash outflows of £16 million, of which £1 million has been paid in the year ended 31 March 2019.

Overall, exceptional items before tax in the year totalled non-cash charges of £49 million and cash charges of £9 million (of which £12 million was received in the year; the remaining cash outflow of £21 million will be recognised over the next 24 months).

Other exceptional items

(e) Tate & Lyle Ventures gain on disposals – in the year ended 31 March 2018 the Group recognised a £2 million cash gain, in respect of the disposal of an investment held as part of its venture fund portfolio. The gain was recognised within central costs.

(f) In the year ended 31 March 2018, the Group recognised an exceptional tax credit of £36 million, principally reflecting the revaluation downwards of net US deferred tax liabilities following the reduction in the US federal corporation tax rate from 1 January 2018. US deferred tax liabilities primarily comprised amounts arising from accelerated tax depreciation on assets.

(g) In the year ended 31 March 2018, two significant changes drove an exceptional net credit of £2 million resulting from the increase in UK deferred tax assets:

i. UK legislation to limit to 50% the utilisation of brought-forward losses was enacted during the 2018 financial year, resulting in a £16 million write down of the previous deferred tax asset recognised in relation to the Group's internal financing arrangements;

ii. Anticipated changes to the Group's internal financing arrangements, enabled by amendments to US tax legislation, led to the recognition of an increase in the deferred tax asset of £18 million.

In addition, in the year ended 31 March 2018 an exceptional tax credit of £2 million was recognised in discontinued operations.

8. EXCEPTIONAL ITEMS continued

Exceptional cash flows

Net cash flows on exceptional items were as follows:

Net cash inflows/(outflows) on exceptional items	Footnotes	Year ended 31 March 2019 £m	2018 £m
Oats ingredients business disposal	(a)	**3**	–
Restructuring costs	(b)	**(6)**	–
Gain on sale and leaseback of railcars	(c)	**16**	–
Asset remediation	(d)	**(1)**	–
Tate & Lyle Ventures gain on disposals	(e)	**–**	2
Business re-alignment	(h)	**–**	(2)
Accelerated US defined benefit schemes contribution	(i)	**–**	(56)
Cash tax benefit on accelerated contribution	(i)	**–**	20
Net cash inflows/(outflows)		**12**	(36)

Net cash flows on exceptional items are included in the consolidated statement of cash flows as follows:

Reconciliation to the statement of cash flows	Footnotes	Year ended 31 March 2019 £m	2018 £m
Exceptional charge/(gain) included in profit before tax		**58**	(2)
Less: restructuring costs	(b)	**(6)**	–
Less: asset remediation	(d)	**(1)**	–
Less: business re-alignment	(h)	**–**	(2)
Exceptional items included within cash generated from operating activities		**51**	(4)
Accelerated US defined benefit schemes contribution	(i)	**–**	(56)
Cash tax benefit on accelerated contribution	(i)	**–**	20
Exceptional items included within cash generated from other operating activities		**–**	(36)
Oats ingredients business disposal	(a)	**3**	–
Gain on sale and leaseback of railcars	(c)	**16**	–
Tate & Lyle Ventures gain on disposals	(e)	**–**	2
Exceptional items included within cash flows from investing activities		**19**	2

(h) In the year ended 31 March 2018, the Group paid cash of £2 million to utilise remaining provisions in respect of the business re-alignment of Sucralose and its European operations, but recognised no charges in this respect during the year.

(i) In the year ended 31 March 2018, the Group made an accelerated cash contribution of £56 million into the US defined benefit pension schemes against which the Group received a cash tax benefit of £20 million leading to an overall cash outflow of £36 million. This cash contribution was incremental to the on-going annual scheme payments.

Notes to the consolidated financial statements (continued)

9. STAFF COSTS

Staff costs were as follows:

	Year ended 31 March	
	2019 £m	2018 £m
Wages and salaries	**280**	282
Social security costs	**24**	25
Retirement benefit costs:		
– defined benefit schemes	**2**	4
– defined contribution schemes	**10**	10
Share-based payments	**18**	15
Total	**334**	336

The average number of people employed by the Company and its subsidiaries, including part-time employees, is set out below:

	Year ended 31 March	
By reportable segment	**2019**	2018
Continuing operations		
Food & Beverage Solutions	**1 722**	1 811
Sucralose*	**94**	90
Primary Products	**1 835**	1 754
Central	**511**	534
Total	**4 162**	4 189

* The Food & Beverage Solutions division operates with a single commercial team. It is not practicable to split this team between the two segments comprising this division, and therefore the entire headcount of the commercial team has been included within the Food & Beverage Solutions segment.

At 31 March 2019, the Group employed 4,121 people (2018 – 4,192) all within continuing operations. The Group's three reportable segments are supported by Global Operations, a single manufacturing network, which is responsible for running the Group's manufacturing facilities. The Group allocates the headcount of the Global Operations team to segments based on the split of primary capacity at each location. Central includes shared-service employees who perform activities for the whole Group, including the Food & Beverage Solutions, Sucralose and Primary Products segments.

Key management compensation

	Year ended 31 March	
	2019 £m	2018 £m
Salaries and short-term employee benefits	**9**	10
Retirement benefits	**1**	1
Share-based payments	**8**	6
Total	**18**	17

Key management is represented by the Executive Committee and the Company's Directors. Remuneration details of the Company's Directors are given in the Directors' Remuneration Report on pages 94 to 111. Members of the Executive Committee are identified on pages 72 and 73. The aggregate gains made by the Directors on the exercise of share options were £10 million (2018 – £7 million). During the year a short-term loan was made to a key management person of which £0.5 million was outstanding at 31 March 2019. No interest was charged. No related party transactions with close family members of the Group's key management occurred in the current or comparative year.

10. FINANCE INCOME AND EXPENSE

Continuing operations	Note	2019 £m	2018 £m
		Year ended 31 March	
Interest payable on bank and other borrowings		**(30)**	(27)
Fair value hedges:			
— fair value loss on interest rate derivatives		**(4)**	(6)
— fair value adjustment of hedged borrowings		**4**	6
Finance lease interest		**(1)**	(1)
Net retirement benefit interest	28	**-**	(5)
Unwinding of discount on liabilities		**-**	(1)
Finance expense		**(31)**	(34)
Finance income		**5**	2
Net finance expense		**(26)**	(32)

Interest payable on other borrowings includes £0.2 million (2018 - £0.2 million) of dividends in respect of the Group's 6.5% cumulative preference shares.

11. INCOME TAXES

Analysis of charge for the year

Continuing operations	2019 £m	2018 £m
	Year ended 31 March	
Current tax		
— United Kingdom	**(7)**	(9)
— Overseas	**(46)**	(45)
— Adjustments in respect of previous financial year	**3**	-
	(50)	(54)
Deferred tax		
(Expense)/credit for the year	**(9)**	31
Income tax expense	**(59)**	(23)
Statutory effective tax rate (%)	**24.4%**	8.1%

Reconciliation to adjusted income tax expense	Notes	2019 £m	Restated* 2018 £m
		Year ended 31 March	
Income tax expense		**(59)**	(23)
Taxation on exceptional items and amortisation of acquired intangibles		**(6)**	(3)
Exceptional US tax credit	8	**-**	(36)
Exceptional UK tax credit	8	**-**	(2)
Adjusted income tax expense	4	**(65)**	(64)
Adjusted effective tax rate (%)		**21.0%**	21.5%

* Comparatives restated as the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures. Refer to Note 1.

In the year ended 31 March 2018 the Group's effective tax rate was 8.1% as a result of significant exceptional deferred tax items recorded in that year. An analysis of the taxation on exceptional items can be found in the 'Analysis of exceptional tax items' section of this note.

At 31 March 2019, the carrying value of current tax assets totalled £4 million (2018 - £1 million) and the carrying value of the current tax liabilities totalled £45 million (2018 - £57 million). Current tax receivable (assets) and payable (liabilities) are offset only when there is a legal right to settle them net and the entity intends to do so. This is generally true when the taxes are levied by the same tax authority. Current tax is calculated using tax rates that have been written into law ('enacted') or irrevocably announced/committed by the respective government ('substantively enacted') at the period-end date.

At 31 March 2019, the Group carried provisions in respect of uncertain tax positions totalling £52 million (2018 - £57 million) which are principally recognised within current tax payables where they are offset by other amounts owed by or from tax authorities in those jurisdictions.

A description of the key judgements and estimates affecting the sustainability of the effective tax rate can be found in Note 2.

Notes to the consolidated financial statements (continued)

11. INCOME TAXES continued

Reconciliation of the effective tax rate

As the Group's head office and Parent Company are domiciled in the UK, the Group uses the UK corporation tax rate to reference its effective tax rate, notwithstanding that only a small proportion of the Group's business is in the UK. The tax on the Group's profit before tax differs from the standard rate of corporation tax in the UK as follows:

Continuing operations	Year ended 31 March 2019 £m	2018 £m
Profit before tax	**240**	286
Less share of profit after tax of joint ventures and associates	**(30)**	(28)
Parent Company and subsidiaries' profit before tax	**210**	258
Corporation tax charge thereon at 19% (2018 – 19%)	**(40)**	(49)
Adjusted for the effects of:		
— non-deductible expenses and other permanent items	**(1)**	(2)
— adjustments in respect of previous financial year	**3**	–
— manufacturing credits	**–**	1
— losses not currently treated as being recoverable in future periods[1]	**(13)**	(2)
— exceptional tax credits[2]	**–**	38
— impairment of assets not deductible[3]	**(11)**	–
— tax rates below/(above) the UK rate applied on overseas earnings	**3**	(9)
Total tax charge	**(59)**	(23)

1 The Group incurs expenses in jurisdictions where it does not currently expect to be able to recover these amounts against future taxable profits. This has the effect of increasing the Group's overall effective tax rate.

2 In 2018 changes in UK and US tax legislation led to exceptional tax credits totalling £38 million which included a £3 million current tax charge (refer to Note 8).

3 Impairments were made to certain oats ingredients business assets in the year (refer to Note 8).

Analysis of exceptional tax items

An analysis of tax charged or credited on adjusting items and exceptional tax items within continuing operations is set out below:

Continuing operations	Notes	Year ended 31 March 2019 Pre-tax £m	Year ended 31 March 2019 Tax credit/(charge) £m	Restated* Year ended 31 March 2018 Pre-tax £m	Restated* Year ended 31 March 2018 Tax credit £m
Exceptional items					
Oats ingredients business disposal	8	**(43)**	**1**	–	–
Restructuring costs	8	**(13)**	**2**	–	–
Gain on sale and leaseback of railcars	8	**14**	**(4)**	–	–
Asset remediation	8	**(16)**	**4**	–	–
Tate & Lyle Ventures gain on disposals	8	**–**	**–**	2	–
Exceptional items		**(58)**	**3**	2	–
Amortisation of acquired intangibles	18	**(11)**	**3**	(12)	3
Adjusting items	4	**(69)**	**6**	(10)	3
Exceptional deferred tax items					
Exceptional US tax credit	8	**–**	**–**	–	36
Exceptional UK tax credit	8	**–**	**–**	–	2
Exceptional deferred tax items	8	**–**	**–**	–	38
Total	4	**(69)**	**6**	(10)	41

* Comparatives restated as the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures. Refer to Note 1.

11. INCOME TAXES continued

Deferred tax

The movements in deferred tax assets and liabilities during the year were as follows:

	Capital allowances in excess of depreciation £m	Retirement benefit obligations £m	Share-based payments £m	Tax losses £m	Other[1] £m	Total £m
At 1 April 2017	(169)	64	7	40	55	(3)
(Charged)/credited to the income statement						
— underlying	(2)	4	–	(5)	(7)	(10)
— exceptional	52	1	–	(4)	(8)	41
Charged to other comprehensive income	–	(60)	–	–	–	(60)
Charged directly to equity	–	–	(3)	–	–	(3)
Currency translation differences	18	(9)	–	(1)	(8)	–
At 31 March 2018	(101)	–	4	30	32	(35)
Credited/(charged) to the income statement						
— underlying	**1**	**–**	**–**	**(14)**	**9**	**(4)**
— exceptional	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Credited to other comprehensive income	**–**	**1**	**–**	**–**	**–**	**1**
Credited directly to equity	**–**	**–**	**1**	**–**	**–**	**1**
Currency translation differences	**(9)**	**3**	**–**	**1**	**4**	**(1)**
At 31 March 2019	**(109)**	**4**	**5**	**17**	**40**	**(43)**

1 Other deferred tax items include temporary differences arising from accounting provisions where the timing of the tax deduction is different from the timing of accounting recognition, and business combinations.

Deferred tax is provided based on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to net settle the balances. After taking these offsets into account, the net position of £43 million liability (2018 – £35 million liability) is presented as a £3 million deferred tax asset (2018 – £7 million asset) and a £46 million deferred tax liability (2018 – £42 million liability) in the Group's statement of financial position.

Changes in enacted tax rates had no effect on the amount of deferred tax charged to the income statement and other comprehensive income or equity. There was no impact from the imposition of new taxes. No deferred tax assets have been recognised in respect of tax losses of £667 million (2018 – £556 million) as there is uncertainty as to whether taxable profits against which these assets may be recovered, will be available. No unrelieved tax losses expired under current tax legislation in the year ended 31 March 2019.

Discontinued operations

In the current year there was no tax related to discontinued operations. An exceptional income tax credit of £2 million was recognised in the year ended 31 March 2018 in respect of discontinued operations.

Tax on items recognised in other comprehensive income

The total tax credit on other comprehensive income was £10 million (2018 – £33 million charge). This included deferred tax credits on retirement benefit obligations of £1 million (2018 – £60 million charge) and current tax credits of £9 million (2018 – £27 million credit).

Tax on items recognised directly in equity

The total tax credit in relation to share-based payments was £2 million recognised directly in equity (2018 – £3 million charge). This included £1 million of deferred tax credit (2018 – £3 million charge) and £1 million of current tax credit (2018 – £nil).

Notes to the consolidated financial statements (continued)

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding shares held by the Company and the Employee Benefit Trust to satisfy awards made under the Group's share-based incentive plans.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming conversion of potentially dilutive ordinary shares, reflecting vesting assumptions on employee share plans, as well as the deemed profit attributable to owners of the Company for any proceeds on such conversions.

The average market price of the Company's ordinary shares during the year was 658p (2018 – 676p). The dilutive effect of share-based incentives was 6.9 million shares (2018 – 7.7 million shares).

	Year ended 31 March 2019			Year ended 31 March 2018		
	Continuing operations	**Discontinued operations**	**Total operations**	Continuing operations	Discontinued operations	Total operations
Profit attributable to owners of the Company (£ million)	**181**	**–**	**181**	263	2	265
Weighted average number of ordinary shares (million) – basic	**462.6**	**–**	**462.6**	462.3	462.3	462.3
Basic earnings per share (pence)	**39.2p**	**–**	**39.2p**	57.0p	0.4p	57.4p
Weighted average number of ordinary shares (million) – diluted	**469.5**	**–**	**469.5**	470.0	470.0	470.0
Diluted earnings per share (pence)	**38.6p**	**–**	**38.6p**	56.1p	0.4p	56.5p

Adjusted earnings per share

A reconciliation between profit attributable to owners of the Company from continuing operations and the equivalent adjusted measure, together with the resulting adjusted earnings per share measure can be found below:

		Year ended 31 March	
Continuing operations	Notes	**2019 £m**	Restated* 2018 £m
Profit attributable to owners of the Company		**181**	263
Adjusting items:			
– exceptional loss/(gain)	8	**58**	(2)
– amortisation of acquired intangible assets	18	**11**	12
– tax effect of the above adjustments	11	**(6)**	(3)
– exceptional deferred tax credits	8, 11	**–**	(38)
Adjusted profit attributable to owners of the Company	4	**244**	232
Adjusted basic earnings per share (pence)		**52.8p**	50.3p
Adjusted diluted earnings per share (pence)		**52.0p**	49.4p

* Comparatives restated as the Group now includes net retirement benefit interest and the associated tax in its alternative performance measures. Refer to Note 1.

13. DIVIDENDS ON ORDINARY SHARES

Dividends on ordinary shares in respect of the financial year:

	Year ended 31 March 2019 Pence	2018 Pence
Per ordinary share:		
— interim dividend paid	**8.6**	8.4
— final dividend proposed	**20.8**	20.3
Total dividend	**29.4**	28.7

The Directors propose a final dividend for the financial year of 20.8p per ordinary share that, subject to approval by shareholders, will be paid on 31 July 2019 to shareholders who are on the Register of Members on 21 June 2019.

Dividends on ordinary shares paid in the financial year:

	Year ended 31 March 2019 £m	2018 £m
Final dividend paid relating to the prior financial year	**94**	92
Interim dividend paid relating to the financial year	**40**	39
Total dividend paid	**134**	131

Based on the number of ordinary shares outstanding at 31 March 2019 and the proposed amount, the final dividend for the financial year is expected to amount to £96 million.

14. INVENTORIES

	At 31 March 2019 £m	2018 £m
Raw materials and consumables	**215**	201
Work in progress	**17**	17
Finished goods	**202**	201
Total	**434**	419

Agricultural produce after harvest of £110 million (2018 – £103 million) is carried at net realisable value. Additionally, finished goods inventories of £1 million (2018 – £1 million) are carried at net realisable value, this being lower than cost.

During the year ended 31 March 2019, the Group recognised a write down of inventories totalling £9 million (2018 – £3 million) included in the cost of inventories, of which £4 million was recognised as part of the oats ingredients business disposal.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash held with banks and other short-term highly liquid investments with original maturities of three months or less. The credit rating of short-term highly liquid investments is AAA or equivalent (2018 – AAA or equivalent).

	At 31 March 2019 £m	2018 £m
Short-term highly liquid investments	**239**	129
Cash at bank	**46**	61
Cash and cash equivalents	**285**	190

The carrying amount of cash and cash equivalents was denominated in the following currencies:

	At 31 March 2019 £m	2018 £m
US dollar	**258**	161
Euro	**9**	16
Sterling	**1**	4
Other	**17**	9
Total	**285**	190

Notes to the consolidated financial statements (continued)

16. TRADE AND OTHER RECEIVABLES

	At 31 March 2019 £m	2018 £m
Trade receivables	**298**	280
Less provision for doubtful debts	**(7)**	(14)
Trade receivables – net	**291**	266
Prepayments and accrued income	**15**	16
Margin deposits	**6**	1
Other receivables	**13**	11
Total	**325**	294

The amounts above do not include non-current other receivables of £2 million (2018 – £3 million).

Trade receivables are initially recognised at fair value, which is generally the same as the invoiced amount, and subsequently measured at amortised cost, or their recoverable amount. Trade receivables are predominantly short-term and so the effects of time-value of money are not considered material.

The carrying amount of trade and other receivables was denominated in the following currencies:

	At 31 March 2019 £m	2018 £m
US dollar	**223**	201
Euro	**55**	40
Sterling	**9**	14
Other	**40**	42
Total	**327**	297

The Group applies the simplified approach for measuring expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group has established a provision matrix that is based on the historic rates of default then adjusted for forward looking factors specific to the debtor and economic environment. In the prior year the impairment of trade receivables did not incorporate forward looking information. The gross amount of receivables, reflecting the maximum exposure to credit risk, is £334 million (2018 – £311 million). The effect of expected credit loss on other receivables is not material.

At 31 March 2019 £m unless otherwise stated	Current	30 – 60 days past due	60 – 90 days past due	Greater than 90 days past due	Total
Expected loss rate	**0%**	**0%**	**1%**	**100%**	
Gross carrying amount	**271**	**16**	**4**	**7**	**298**
Loss allowance provision	**–**	**–**	**–**	**7**	**7**

At 31 March 2018					
Expected loss rate	0%	0%	5%	91%	
Gross carrying amount	248	14	3	15	280
Loss allowance provision	–	–	–	14	14

The loss allowance provision for trade receivables as at 31 March 2019 reconciles to the opening loss allowance for that provision as follows. Additionally there was £1 million impairment of trade receivables in the year (2018 – £1 million).

	At 31 March 2019 £m	2018 £m
At 1 April – *calculated under IAS 39*	**14**	14
Amounts restated through opening retained earnings	**–**	n/a
Opening loss allowance as at 1 April 2018 – calculated under IFRS 9	**14**	14
Utilisation of provision	**(7)**	–
Change in loss allowance recognised in the income statement during the year	**–**	–
At 31 March	**7**	14

17. INVESTMENTS IN EQUITIES

As a result of the adoption of IFRS 9 the assets previously described as Available-for-sale (AFS) assets are now described as financial assets at fair value through profit or loss (FVPL) or financial assets at fair value through the statement of OCI (FVOCI). These assets are reported as 'Investments in equities'. Further detail on the adoption of IFRS 9 can be found in Note 35.

Investments in equities do not meet the IFRS 9 criteria for classification at amortised cost because their cash flows do not represent solely payments of principal and interest. For certain investments the available election to recognise equity securities as FVOCI has been taken because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. All other investments are recognised at FVPL.

	Investments in equities				
	Financial assets at FVPL £m	Financial assets at FVOCI £m	Total investments in equities £m	Available-for-sale financial assets £m	Total £m
At 1 April 2018	**-**	**-**	**-**	**37**	**37**
IFRS 9 transfer	**21**	**16**	**37**	**(37)**	**-**
Total gains/(losses)					
— in operating profit	**-**	**-**	**-**	**-**	**-**
— in other comprehensive income	**-**	**2**	**2**	**-**	**2**
Non-qualified deferred compensation arrangements	**1**	**-**	**1**	**-**	**1**
Purchases	**15**	**5**	**20**	**-**	**20**
Disposals	**(3)**	**-**	**(3)**	**-**	**(3)**
Currency translation differences	**1**	**1**	**2**	**-**	**2**
At 31 March 2019	**35**	**24**	**59**	**-**	**59**

On 7 December 2018, the Group completed the acquisition of a 15% equity holding in Sweet Green Fields for US$15 million (£12 million). Under the terms of the purchase agreement, the Group has an option to acquire the remaining 85% share in due course. After considering all the terms of the arrangement with Sweet Green Fields it has been determined that the Group does not have significant influence. Accordingly the 15% equity investment and the option to purchase the remaining shares have been recognised together as a financial asset at FVPL. The fair value was initially determined to be US$15 million and will be assessed periodically with any changes in the fair value being recognised in the income statement.

The non-qualified deferred compensation arrangements refers to movements on retirement benefit assets which do not qualify as IAS 19 pension assets. These were offset by corresponding movements on retirement benefit liabilities. Refer to Note 28.

The carrying value of equity investments was denominated in the following currencies:

	At 31 March	
	2019 £m	2018 £m
US dollar	**50**	31
Sterling	**5**	2
Euro	**4**	4
Total	**59**	37

Notes to the consolidated financial statements (continued)

18. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill £m	Patents and other IP £m	Other acquired intangibles £m	Total acquired intangibles £m	Other intangible assets £m	Total £m
Cost						
At 1 April 2018	**218**	**40**	**165**	**423**	**254**	**677**
Additions at cost	**-**	**-**	**-**	**-**	**31**	**31**
Disposals and write-offs	**(10)**	**(6)**	**-**	**(16)**	**(2)**	**(18)**
Currency translation differences	**2**	**-**	**1**	**3**	**8**	**11**
At 31 March 2019	**210**	**34**	**166**	**410**	**291**	**701**
Accumulated amortisation and impairment						
At 1 April 2018	**14**	**38**	**120**	**172**	**145**	**317**
Impairment charge	**10**	**3**	**-**	**13**	**4**	**17**
Amortisation charge	**-**	**-**	**11**	**11**	**29**	**40**
Disposals and write-offs	**(10)**	**(6)**	**-**	**(16)**	**(2)**	**(18)**
Currency translation differences	**(2)**	**(1)**	**-**	**(3)**	**6**	**3**
At 31 March 2019	**12**	**34**	**131**	**177**	**182**	**359**
Net book value at 31 March 2019	**198**	**-**	**35**	**233**	**109**	**342**
Cost						
At 1 April 2017	229	41	166	436	254	690
Additions at cost	-	-	-	-	20	20
Currency translation differences	(11)	(1)	(1)	(13)	(20)	(33)
At 31 March 2018	218	40	165	423	254	677
Accumulated amortisation and impairment						
At 1 April 2017	17	37	112	166	123	289
Impairment charge	-	-	-	-	1	1
Amortisation charge	-	1	11	12	28	40
Currency translation differences	(3)	-	(3)	(6)	(7)	(13)
At 31 March 2018	14	38	120	172	145	317
Net book value at 31 March 2018	204	2	45	251	109	360

Acquired intangible assets, principally customer relationships and know-how, were recognised as part of previous business combinations and are amortised on a straight-line basis over the periods of their expected benefit to the Group, which range from three to 15 years.

Other intangible assets relate to product development, computer software and global IS/IT systems. Other intangible assets are amortised on a straight-line basis over the periods of their expected benefit to the Group, which are in the range of three to ten years. Capitalised costs in respect of core global IS/IT systems are being amortised over a period of five to seven years.

Goodwill

Goodwill is carried at cost less any recognised impairment losses. The carrying amount of goodwill is allocated to groups of CGUs as follows:

	At 31 March 2019 £m	2018 £m
Allocated by reportable segment		
Food & Beverage Solutions	**168**	21
Primary Products	**30**	2
	198	23
Allocated by geographical area		
United States	**-**	72
Europe	**-**	109
	-	181
Total	**198**	204

18. GOODWILL AND OTHER INTANGIBLE ASSETS continued

Goodwill continued

Review of allocation methodology
The Group changed its reporting segments in the prior financial year and in light of the continued integration of its operating businesses during the 2019 financial year, has reviewed the allocation of goodwill and determined that the synergies to which the goodwill relates are now realised at the level of the Group's segments Food & Beverage Solutions and Primary Products, apart from £3 million of goodwill where the synergies are realised at a regional sub-level of Food & Beverage Solutions. No goodwill was allocated to the Sucralose segment.

Accordingly, an exercise to allocate goodwill was completed in the year based on an assessment of their relative fair values and goodwill was tested on this basis. As part of this exercise a further review was performed on the prior year basis which arrived at the same result. Synergies from future acquisitions will continue to be assessed to determine appropriate allocation as they occur.

Impairment tests carried out during the year
Goodwill is required to be tested annually. For both the goodwill allocated to Food & Beverage Solutions and Primary Products, the recoverable amount was calculated based on value-in-use. The key assumptions in the value-in-use model are derived from the Group's Board-reviewed five-year plan. The long-term growth rate after year five does not exceed 2% reflecting a conservative long-term assumption for the Food & Beverage Solutions and Primary Products markets respectively. Based on the risk profile of the assets tested, cash flows were discounted using a pre-tax rate of 9.3% (2018 – 8.9%). Significant headroom exists and management has concluded that no impairment is required.

Impairment charge in the year
Following a strategic review of its oats ingredients business conducted during the financial year, the Group completed the disposal of this business in March 2019. The exceptional loss recognised in the year ended 31 March 2019 included an impairment charge of £10 million relating to goodwill and £4 million relating to other intangible assets. Refer to Note 8.

Possibility of impairment in the near future
Management considers that there is no reasonably possible change in one or more of the key assumptions used in the impairment tests for goodwill that would give rise to an impairment loss during the coming year.

19. PROPERTY, PLANT AND EQUIPMENT

Land and buildings mainly comprise manufacturing sites, application laboratories and administrative facilities. Plant and machinery mainly comprise equipment used in the manufacturing and operating process. Assets in the course of construction comprise property, plant and equipment which is in the process of being completed and not ready for use. Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Property, plant and equipment is reviewed for impairment when any changes in circumstances indicate that their carrying amounts may not be recoverable.

Useful economic lives, applied on a straight-line basis, are as follows:

Asset class	Useful economic life
Freehold land	No depreciation
Freehold buildings	20 to 50 years
Leasehold improvements	Up to the length of the lease
Plant and machinery	3 to 28 years

Oats ingredients business disposal
Following a strategic review of its oats ingredients business conducted during the financial year, the Group completed the disposal of this business in March 2019. The exceptional loss recognised in the year ended 31 March 2019 included an impairment charge of £25 million relating to property, plant and equipment. Refer to Note 8.

Notes to the consolidated financial statements (continued)

19. PROPERTY, PLANT AND EQUIPMENT continued

	Land and buildings £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Cost				
At 1 April 2018	**556**	**2 278**	**26**	**2 860**
Additions at cost	**-**	**17**	**97**	**114**
Transfers on completion	**7**	**61**	**(68)**	**-**
Disposals and write-offs	**(4)**	**(70)**	**(6)**	**(80)**
Currency translation differences	**37**	**154**	**2**	**193**
At 31 March 2019	**596**	**2 440**	**51**	**3 087**
Accumulated depreciation and impairment				
At 1 April 2018	**270**	**1 625**	**-**	**1 895**
Depreciation charge	**16**	**96**	**-**	**112**
Impairment charge	**2**	**23**	**-**	**25**
Disposals and write-offs	**(4)**	**(58)**	**-**	**(62)**
Currency translation differences	**23**	**112**	**-**	**135**
At 31 March 2019	**307**	**1 798**	**-**	**2 105**
Net book value at 31 March 2019	**289**	**642**	**51**	**982**
Including assets held under finance leases	**-**	**8**	**-**	**8**

Cost				
At 1 April 2017	569	2 433	77	3 079
Additions at cost	5	4	104	113
Transfers on completion	43	111	(154)	-
Disposals and write-offs	(4)	(18)	(1)	(23)
Currency translation differences	(57)	(252)	-	(309)
At 31 March 2018	556	2 278	26	2 860
Accumulated depreciation and impairment				
At 1 April 2017	289	1 729	-	2 018
Depreciation charge	14	100	-	114
Disposals and write-offs	(3)	(17)	-	(20)
Currency translation differences	(30)	(187)	-	(217)
At 31 March 2018	270	1 625	-	1 895
Net book value at 31 March 2018	286	653	26	965
Including assets held under finance leases	-	8	-	8

20. INVESTMENT IN JOINT VENTURES

The Group's material joint ventures, which are accounted for under the equity method, are Almidones Mexicanos S.A. de C.V. (Almex) and DuPont Tate & Lyle Bio Products Company, LLC (Bio-PDO) (see Note 36). These joint ventures complement the Group's wholly owned activities. Almex produces and distributes corn-based products and Bio-PDO produces bio-based 1,3-propanediol (Bio-PDO).

The joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group (and its joint venture partners) and are private companies. No quoted market price is available for their shares. There are no contingent liabilities relating to the Group's interest in the joint ventures.

The movements in the carrying value of the Group's investment in joint ventures are summarised as follows:

		Year ended 31 March	
	Note	**2019**	2018
At 1 April		**85**	92
Share of profit after tax of joint ventures – total operations		**30**	28
Other comprehensive income/(expense) (including exchange)	22	**4**	(9)
Dividends paid		**(21)**	(26)
Contributions to joint venture		**4**	–
At 31 March		**102**	85

The information set out below reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures to make it consistent with the Group's accounting policies. The statutory reporting date of Almex is 31 December due to local statutory requirements and so results are consolidated on the basis of management accounts for the year to 31 March. Bio-PDO's statutory reporting date is 31 March.

Investments in joint ventures are initially recognised at cost, which includes transaction costs. Subsequently, the Group's share of the profit or loss, other comprehensive income and net assets are shown on one line of the relevant primary financial statements, until the date on which joint control ceases. Distributions received from the investee reduce the carrying amount of the investment.

Income statement

	Year ended 31 March 2019		
	Almex £m	**Bio-PDO £m**	**Total £m**
Sales	**658**	**109**	**767**
Depreciation and amortisation	**(2)**	**(7)**	**(9)**
Other expense	**(593)**	**(79)**	**(672)**
Finance expense	**(2)**	**–**	**(2)**
Profit before tax	**61**	**23**	**84**
Income tax expense	**(18)**	**(7)**	**(25)**
Profit for the year from total operations	**43**	**16**	**59**
Other comprehensive income (including exchange)	**4**	**5**	**9**
Total comprehensive income	**47**	**21**	**68**
Dividends	**(42)**	**–**	**(42)**

	Year ended 31 March 2018		
	Almex £m	Bio-PDO* £m	Total £m
Sales	627	97	724
Depreciation and amortisation	(2)	(7)	(9)
Other expense	(564)	(71)	(635)
Profit before tax	61	19	80
Income tax expense	(17)	(7)	(24)
Profit for the year from total operations	44	12	56
Other comprehensive expense	(12)	(5)	(17)
Total comprehensive income	32	7	39
Dividends	(53)	–	(53)

* This includes £1 million of other comprehensive expense relating to other joint ventures and associates which have since been disposed of.

Notes to the consolidated financial statements (continued)

20. INVESTMENT IN JOINT VENTURES continued

Statement of financial position

			At 31 March 2019
	Almex £m	**Bio-PDO £m**	**Total £m**
Assets			
Non-current assets	**48**	**63**	**111**
Cash and cash equivalents	**7**	**39**	**46**
Other current assets	**187**	**25**	**212**
	242	**127**	**369**
Liabilities			
Non-current liabilities	**6**	**–**	**6**
Current borrowings	**56**	**–**	**56**
Other current liabilities	**77**	**27**	**104**
	139	**27**	**166**
Net assets	**103**	**100**	**203**

			At 31 March 2018
	Almex £m	Bio-PDO £m	Total £m
Assets			
Non-current assets	43	46	89
Cash and cash equivalents	2	27	29
Other current assets	161	20	181
	206	93	299
Liabilities			
Non-current liabilities	4	–	4
Current borrowings	47	–	47
Other current liabilities	57	21	78
	108	21	129
Net assets	98	72	170

Reconciliation of summarised financial information to the Group's investment in joint ventures

	Almex £m	**Bio-PDO* £m**	**Total £m**
Opening net assets at 1 April 2018	**98**	**72**	**170**
Profit for the year from total operations	**43**	**16**	**59**
Other comprehensive income (including exchange)	**4**	**5**	**9**
Dividends	**(42)**	**–**	**(42)**
Contributions to joint venture	**–**	**7**	**7**
Closing net assets at 31 March 2019	**103**	**100**	**203**
Interest in joint venture (%)	**50%**	**50%**	
Carrying value at 31 March 2019	**52**	**50**	**102**
Opening net assets at 1 April 2017	119	65	184
Profit for the year from total operations	44	12	56
Other comprehensive expense (including exchange)	(12)	(5)	(17)
Dividends	(53)	–	(53)
Closing net assets at 31 March 2018	98	72	170
Interest in joint venture (%)	50%	50%	
Carrying value at 31 March 2018	49	36	85

* In relation to 2018 this includes £1 million of other comprehensive expense relating to other joint ventures and associates which have since been disposed of.

21. SHARE CAPITAL AND SHARE PREMIUM

	Ordinary share capital £m	Share premium £m	Total £m
At 31 March 2018 and 31 March 2019	**117**	**406**	**523**

Ordinary shares carry the right to participate in dividends and each share entitles the holder to one vote on matters requiring shareholder approval.

Allotted, called up and fully paid equity share capital

	Year ended 31 March 2019		Year ended 31 March 2018	
	Number of shares*	Cost £m	Number of shares*	Cost £m
At 1 April	**468 308 934**	**117**	468 256 866	117
Allotted under share option schemes	**37 016**	**–**	52 068	–
At 31 March	**468 345 950**	**117**	468 308 934	117

* The nominal value of each share is 25 pence.

Own shares

Own shares represent the Company's ordinary shares that are acquired to meet the Group's expected obligations under share-based incentive arrangements (see Note 29). Own shares are held either by the Company in treasury or by an Employee Benefit Trust (EBT) that was established by the Company. The EBT is included in the consolidated accounts.

Movements in own shares held were as follows:

	Year ended 31 March 2019		Year ended 31 March 2018	
	Number of shares	Cost £m	Number of shares	Cost £m
At 1 April	**7 350 698**	**52**	5 529 597	37
Purchased in the market[1]:				
– into treasury	**–**	**–**	–	–
– into the EBT	**–**	**–**	3 900 000	27
Transferred to employees:				
– from treasury	**(1 757 254)**	**(12)**	(1 010 461)	(6)
– from the EBT	**(341 857)**	**(2)**	(1 068 438)	(6)
At 31 March	**5 251 587**	**38**	7 350 698	52

1 During the year, the Company adopted the amendment to IFRS 2 permitting net settled share-based payments to be treated as equity-settled in full, if certain criteria were met, rather than the tax element being cash-settled. Therefore, in the year ended 31 March 2019 the Group did not purchase treasury or EBT shares in the market. The amount transferred to the tax authorities in the year was £8 million and has been recognised within financing activities in the consolidated statement of cash flows.

	At 31 March 2019			At 31 March 2018		
	Number of shares	Market value £m	% of outstanding share capital	Number of shares	Market value £m	% of outstanding share capital
Treasury shares	**805 138**	**6**	**0.2%**	2 562 392	14	0.6%
Shares held in the EBT	**4 446 449**	**32**	**0.9%**	4 788 306	26	1.0%
Total	**5 251 587**	**38**	**1.1%**	7 350 698	40	1.6%

Notes to the consolidated financial statements (continued)

22. OTHER RESERVES

	Hedging reserve £m	FVOCI reserve £m	Currency translation reserve £m	Pre-IFRS reserves £m	Total £m
At 1 April 2017	3	(6)	152	104	253
Cash flow hedges:					
– reclassified and reported in the income statement in the year	(4)	–	–	–	(4)
Available-for-sale financial assets:					
– fair value gain in the year	–	3	–	–	3
Currency translation differences:					
– loss on currency translation of foreign operations	–	–	(122)	–	(122)
– fair value gain on net investment hedges	–	–	39	–	39
Share of other comprehensive expense of joint ventures and associates	–	–	(9)	–	(9)
Items transferred to income statement on disposal of associate	–	–	(1)	–	(1)
At 31 March 2018	(1)	(3)	59	104	159
Cash flow hedges:					
– fair value gain in the year	**–**	**–**	**–**	**–**	**–**
– reclassified and reported in the income statement in the year	**–**	**–**	**–**	**–**	**–**
FVOCI financial assets:					
– fair value gain in the year	**–**	**2**	**–**	**–**	**2**
Currency translation differences:					
– gain on currency translation of foreign operations	**–**	**–**	**75**	**–**	**75**
– fair value loss on net investment hedges	**–**	**–**	**(24)**	**–**	**(24)**
Share of other comprehensive income of joint ventures and associates	**1**	**–**	**3**	**–**	**4**
Hedging losses transferred to inventory	**1**	**–**	**–**	**–**	**1**
At 31 March 2019	**1**	**(1)**	**113**	**104**	**217**

Gains or losses relating to the effective portion of hedging instruments where cash flow hedge accounting is applied are recognised in OCI within the hedging reserve. Amounts accumulated in the hedging reserve are reclassified in the periods when the hedged item affects the income statement. For a non-financial asset (such as inventory), the hedging gains and losses are transferred to the cost of inventory and then subsequently recognised in the income statement or else recognised immediately in the income statement.

The FVOCI reserve includes cumulative gains or losses on FVOCI assets. Prior to the adoption of IFRS 9 from the start of the 2019 financial year, this referred to cumulative gains or losses on available-for-sale financial assets recognised through OCI.

The currency translation reserve includes:

- Gains/losses on currency translation of foreign operations: on consolidation, the results of foreign operations are translated into pounds sterling at the average rate of exchange for the period and their assets and liabilities are translated into pounds sterling at the exchange rate ruling at the period-end date. Currency translation differences arising on consolidation are recognised in other comprehensive income and taken to the currency translation reserve.
- Fair value gains/losses on net investment hedges: a net investment hedge is the hedge of the currency exposure on the retranslation of the Group's net investment in a foreign operation. Net investment hedges are accounted for by recognising changes in the fair value of the hedging instrument and, to the extent that the hedge is effective, recognised in other comprehensive income. Further detail on net investment hedges can be found in Note 26.

The pre-IFRS reserve relates to amounts previously recorded in reserves prior to transition to IFRS.

For the years ended 31 March 2019 and 31 March 2018, there was no tax effect on the above movements in reserves.

23. TRADE AND OTHER PAYABLES

	At 31 March 2019 £m	2018 £m
Current payables		
Trade payables	**234**	192
Social security	**6**	7
Accruals and deferred income	**94**	91
Other payables	**8**	22
Total	**342**	312

The above amounts do not include non-current other payables of £nil (2018 – £10 million).

Trade payables are predominantly short-term and are initially recognised at fair value, which is generally the invoice amount. The effects of time-value of money are not considered material.

The carrying amount of trade and other payables was denominated in the following currencies:

	At 31 March 2019 £m	2018 £m
US dollar	**246**	220
Euro	**47**	43
Sterling	**22**	29
Other	**27**	30
Total	**342**	322

24. BORROWINGS

Non-current borrowings

	At 31 March 2019 £m	2018 £m
2,394,000 6.5% cumulative preference shares of £1 each	**2**	2
Industrial Revenue Bonds 2023–2036 (US$70,100,000)	**54**	50
US Private Placement 2023–2027 (US$400,000,000)	**308**	285
6.75% Guaranteed Notes 2019 (£200,000,000)	**-**	207
Total loan notes	**364**	544
Obligations under finance leases	**9**	10
Total non-current borrowings	**373**	554

Current borrowings

	At 31 March 2019 £m	2018 £m
6.75% Guaranteed Notes 2019 (£200,000,000)	**203**	-
Short-term loans and facilities	**19**	14
Total loan notes	**222**	14
Obligations under finance leases	**2**	2
Total current borrowings	**224**	16

Included within borrowings are £150 million (2018 – £150 million) of borrowings at amortised cost subject to fair value hedges. Included in the carrying value is £3 million relating to fair value adjustments (2018 – £7 million).

Borrowings are initially measured at fair value, net of transaction costs incurred, which is generally the amount of proceeds received. Borrowings are subsequently measured at amortised cost using the effective interest rate method, whereby the net proceeds are gradually increased to the amount that will be ultimately settled using a constant rate of interest. This constant rate of return is used to calculate the amount recognised as interest expense in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

Notes to the consolidated financial statements (continued)

24. BORROWINGS continued

Effective interest rates

Taking into account the Group's interest rate and cross currency swap contracts, the effective interest rates of its borrowings are as follows:

	Year ended 31 March 2019	2018
US$25m 3.83% US Private Placement Notes 2023	**3.8%**	3.8%
US$180m 4.06% US Private Placement Notes 2025	**4.1%**	4.1%
US$100m 4.16% US Private Placement Notes 2027	**4.2%**	4.2%
US$95m US Private Placement FRN[1] 2023	**4.1%**	3.1%
2,394,000 6.5% cumulative preference shares of £1 each	**6.5%**	6.5%
Industrial Revenue Bonds 2023–2036 (US$70,100,000)	**1.6%**	1.1%
6.75% Guaranteed Notes 2019 (£200,000,000)	**6.4%**	5.4%

1 Floating rate note based on US six-month LIBOR + 1.47%.

Short-term loans

Short-term loans mature within the next 12 months. Short-term loans are arranged at floating rates of interest and expose the Group to cash flow interest rate risk.

Credit facilities and arrangements

The Group's US$800 million five-year committed revolving credit facility was refinanced during the year. The term was extended to March 2024 and the financial covenants thereon were changed (also refer to the 'Liquidity risk management' section of Note 27). At 31 March 2019, the facility had a value of £615 million (2018 – £570 million) and was undrawn.

The facility incurs commitment fees at market rates prevailing when the facility was arranged. The lenders have the right, but not the obligation, to cancel their commitments in the event of specified events of default. In addition, the Group has substantial uncommitted facilities.

Finance lease commitments

Amounts payable under finance lease commitments are as follows:

	2019		At 31 March 2018	
	Minimum lease payments £m	**Present value of minimum lease payments £m**	Minimum lease payments £m	Present value of minimum lease payments £m
Within one year	**3**	**2**	3	2
Between one and five years	**10**	**9**	10	9
After five years	**–**	**–**	1	1
Total	**13**	**11**	14	12
Less future finance charges	**(2)**		(2)	
Present value of minimum lease payments	**11**		12	

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. There are no other securities on borrowings.

25. NET DEBT

Reconciliation of the movement in cash and cash equivalents to the movement in net debt:

	Year ended 31 March	
	2019 £m	2018 £m
Net debt at beginning of the year	**(392)**	(452)
Net increase/(decrease) in cash and cash equivalents	**79**	(48)
Net (increase)/decrease in borrowings[1]	**(2)**	74
Decrease in net debt resulting from cash flows	**77**	26
Currency translation differences[2]	**(21)**	35
Fair value and other movements	**(1)**	(1)
Decrease in net debt in the year	**55**	60
Net debt at end of the year	**(337)**	(392)

1 *Net change in borrowings includes repayments of capital elements of finance leases of £2 million (2018 – £1 million).*

2 Includes the foreign currency element of the fair value movement on cross currency swaps and the translation of foreign denominated borrowings.

Movements in the Group's net debt were as follows:

	Cash and cash equivalents £m	Borrowings and finance leases Current £m	Borrowings and finance leases Non-current £m	Debt-related derivatives £m	Total £m
At 1 April 2017	261	(88)	(604)	(21)	(452)
(Increase)/decrease from cash flows[1]	(48)	74	–	–	26
Reclassification	–	(3)	3	–	–
Currency translation differences[2]	(23)	3	41	14	35
Fair value and other movements	–	(2)	6	(5)	(1)
At 31 March 2018	190	(16)	(554)	(12)	(392)
Decrease/(increase) from cash flows[1]	**79**	**(2)**	**–**	**–**	**77**
Reclassification	**–**	**(208)**	**208**	**–**	**–**
Currency translation differences[2]	**16**	**–**	**(27)**	**(10)**	**(21)**
Fair value and other movements	**–**	**2**	**–**	**(3)**	**(1)**
At 31 March 2019	**285**	**(224)**	**(373)**	**(25)**	**(337)**

1 Net change in borrowings includes repayments of capital elements of finance leases of £2 million (2018 – £1 million).

2 Includes the foreign currency element of the fair value movement on cross currency swaps and the translation of foreign denominated borrowings.

At 31 March 2019, total liabilities arising from financing activities were £622 million (2018 – £582 million).

Debt-related derivative financial instruments represent the net fair value of currency and interest rate swaps that are used to manage the currency and interest rate profile of the Group's net debt. At 31 March 2019, the net fair value of these derivatives comprised assets of £6 million (2018 – £10 million) and liabilities of £31 million (2018 – £22 million).

Net debt is denominated in the following currencies:

	At 31 March	
	2019 £m	2018 £m
US dollar	**(144)**	(276)
Euro	**(56)**	(36)
Sterling	**(145)**	(56)
Other	**8**	(24)
Total	**(337)**	(392)

Notes to the consolidated financial statements (continued)

26. FINANCIAL INSTRUMENTS

Financial instruments by category

Set out below is a comparison by category of carrying values and fair values of all the Group's financial assets and financial liabilities as at 31 March 2019 and 31 March 2018.

							At 31 March 2019
	Notes	Amortised cost/cash £m	Derivatives in a hedging relationship £m	Derivatives not in a hedging relationship £m	Investments in equities £m	Total carrying value £m	Fair value £m
Investments in equities	17	**–**	**–**	**–**	**59**	**59**	**59**
Trade and other receivables	16	**312**	**–**	**–**	**–**	**312**	**312**
Cash and cash equivalents	15	**285**	**–**	**–**	**–**	**285**	**285**
Trade and other payables	23	**(336)**	**–**	**–**	**–**	**(336)**	**(336)**
Borrowings	24	**(597)**	**–**	**–**	**–**	**(597)**	**(607)**
Derivative assets/(liabilities) used to manage net debt							
— currency swaps		**–**	**(30)**	**–**	**–**	**(30)**	**(30)**
— interest rate swaps		**–**	**5**	**–**	**–**	**5**	**5**
Other derivative assets/(liabilities)							
— commodity pricing contracts		**–**	**(1)**	**27**	**–**	**26**	**26**

							At 31 March 2018
	Notes	Amortised cost/cash £m	Derivatives in a hedging relationship £m	Derivatives not in a hedging relationship £m	Available-for-sale financial assets £m	Total carrying value £m	Fair value £m
Available-for sale assets	17	–	–	–	37	37	37
Trade and other receivables	16	281	–	–	–	281	281
Cash and cash equivalents	15	190	–	–	–	190	190
Trade and other payables	23	(315)	–	–	–	(315)	(315)
Borrowings	24	(570)	–	–	–	(570)	(576)
Derivative assets/(liabilities) used to manage net debt							
— currency swaps		–	(21)	–	–	(21)	(21)
— interest rate swaps		–	9	–	–	9	9
Other derivative assets/(liabilities)							
— commodity pricing contracts		–	(2)	13	–	11	11

Investments in equities comprise financial assets recognised as fair value through the income statement (FVPL) and financial assets recognised as fair value through OCI (FVOCI). Further analysis is provided in Note 17.

Trade and other receivables presented above excludes £15 million (2018 – £16 million) relating to prepayments. Trade and other payables presented above excludes £6 million (2018 – £7 million) relating to social security.

Borrowings with a carrying value of £203 million (2018 – £207 million) relate to listed bonds with a fair value of £207 million (2018 – £217 million) according to quoted market prices and are categorised as Level 1 for fair value measurement. Borrowings with a carrying value of £308 million (2018 – £285 million) relate to US Private Placement Notes with a fair value of £314 million (2018 – £281 million) according to broker dealer quotations and are categorised as Level 3 for fair value measurement. The remaining borrowings have a fair value measured by discounted estimated cash flows with an applicable market quoted yield and are categorised as Level 2 for fair value measurement.

Derivatives assets/(liabilities) are presented in the statement of financial position as follows:

	At 31 March 2019		At 31 March 2018	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Non-current derivative financial instruments	**–**	**(1)**	8	(21)
Current derivative financial instruments	**48**	**(46)**	24	(12)
	48	**(47)**	32	(33)

Derivatives are only used for economic hedging purposes and not as speculative investments.

26. FINANCIAL INSTRUMENTS continued

Fair value hedges

The Group employs interest rate swap contracts to hedge interest rate risks associated with its borrowings. This is achieved by swapping fixed for floating rates to meet the Group's risk management objectives. Refer to Note 27.

Interest rate swaps used to fair value hedge interest rate risk	At 31 March 2019 £m	 2018 £m
Carrying amount of hedged item (weighted liability)	**153**	157
Accumulated amount of fair value included in carrying amount of hedged item	**3**	7
Notional principal amounts of interest rate swap contracts	**150**	150
Maturity date	**Nov 2019**	Nov 2019
Hedge ratio	**1:1**	1:1
Change in intrinsic value of outstanding hedging instruments used to determine hedge effectiveness	**(4)**	(6)
Change in intrinsic value of outstanding hedging item used to determine hedge effectiveness	**4**	6
Weighted average floating interest rate achieved for the year	**3.6%**	3.3%
Ineffectiveness recognised in profit or loss	**–**	–

Net investment hedges

The Group employs currency swap contracts and borrowings to hedge the currency risk associated with its net investments in subsidiaries located in the US and Europe. In the 2018 financial year a weighted average total of £25 million of the Group's liabilities were designated as a net investment hedge in the Group's Swedish operation. This was disposed of in the 2019 financial year and accordingly there is no net investment hedge at 31 March 2019.

Foreign currency swaps used to net investment hedge currency translation risk	At 31 March 2019 £m	 2018 £m
Notional principal amounts of outstanding currency swap contracts (weighted liability)	**178**	169
Translation of swap contract recognised in currency translation reserve	**(9)**	14
Maturity date	**Nov 2019**	Nov 2019
Hedge ratio	**1:1**	1:1
Change in intrinsic value of outstanding hedging instruments used to determine hedge effectiveness	**(8)**	15
Change in intrinsic value of outstanding hedging item used to determine hedge effectiveness	**9**	(14)
Weighted average foreign currency rate for the year (/£1)	**$1.31/€1.16**	$1.38/€1.14
Ineffectiveness gain recognised in profit or loss	**1**	1

Borrowings used to net investment hedge currency translation risk	At 31 March 2019 £m	 2018 £m
Notional principal amounts of borrowings (weighted liability)	**218**	198
Translation of borrowings recognised in currency translation reserve	**(16)**	24
Maturity date	**Oct 2023-2027**	Oct 2023-2027
Hedge ratio	**1:1**	1:1
Change in intrinsic value of outstanding hedging instruments used to determine hedge effectiveness	**(16)**	24
Change in intrinsic value of outstanding hedging item used to determine hedge effectiveness	**16**	(24)
Weighted average foreign currency rate for the year (/£1)	**$1.32**	$1.36
Ineffectiveness recognised in profit or loss	**–**	–

Cash flow hedges

The Group employs commodity pricing contracts, principally futures, to hedge cash flow risk associated with forecast purchases which are designated as cash flow hedges. The fair value of these hedging instruments at 31 March 2019 is £1 million liability (2018 – £2 million liability). There was no ineffectiveness recorded in the current or prior financial years.

Notes to the consolidated financial statements (continued)

26. FINANCIAL INSTRUMENTS continued

Financial instruments measured at fair value: the fair value hierarchy

Fair value measurements are categorised into three different levels based on the degree to which the inputs used to arrive at the fair value of the assets and liabilities are observable and the significance of the inputs to the fair value measurement in its entirety, as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date. The prices of equity shares or bonds quoted on the London Stock Exchange are examples of Level 1 inputs.
- Level 2 inputs are those, other than quoted prices included in Level 1 that are observable either directly or indirectly. Most interest rate swaps fall in this category as their prices are referenced to a published rate curve, but it is not price specific to the swap itself.
- Level 3 inputs are unobservable inputs. The Group generally classifies assets or liabilities as Level 3 when their fair value is determined using unobservable inputs that individually, or when aggregated with other unobservable inputs, represent more than 10% of the fair value of the observable inputs of the assets or liabilities. This would include expected future cash flows from budgets and forecasts the Group has made. Certain elements of the Group's commodity contract portfolio also fall into this category, as their values include significant management-derived assumptions.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of the reporting period.

The following tables illustrate the Group's financial assets and liabilities measured at fair value at 31 March 2019 and 31 March 2018:

At 31 March 2019

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets at fair value					
Financial assets at FVPL	17	**-**	**-**	**35**	**35**
Financial assets at FVOCI	17	**-**	**-**	**24**	**24**
Derivative financial instruments:					
— currency swaps		**-**	**1**	**-**	**1**
— interest rate swaps		**-**	**5**	**-**	**5**
— commodity pricing contracts		**2**	**1**	**39**	**42**
Assets at fair value		**2**	**7**	**98**	**107**
Liabilities at fair value					
Derivative financial instruments:					
— currency swaps		**-**	**(31)**	**-**	**(31)**
— commodity pricing contracts		**(7)**	**(7)**	**(2)**	**(16)**
Liabilities at fair value		**(7)**	**(38)**	**(2)**	**(47)**

At 31 March 2018

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets at fair value					
Available-for-sale assets	17	–	–	37	37
Derivative financial instruments:					
— currency swaps		–	1	–	1
— interest rate swaps		–	9	–	9
— commodity pricing contracts		5	6	11	22
Assets at fair value		5	16	48	69
Liabilities at fair value					
Derivative financial instruments:					
— currency swaps		–	(22)	–	(22)
— commodity pricing contracts		(5)	(1)	(5)	(11)
Liabilities at fair value		(5)	(23)	(5)	(33)

26. FINANCIAL INSTRUMENTS continued

Level 3 financial assets

The following table reconciles the movement in the Group's net financial instruments classified in Level 3 of the fair value hierarchy:

	Commodity pricing contracts – assets £m	Commodity pricing contracts – liabilities £m	Financial assets at FVPL[1] £m	Financial assets at FVOCI £m	Total £m
At 1 April 2017	21	(3)	30	–	48
Income statement:					
– prior year amounts settled	(21)	3	–	–	(18)
– current year net (loss)/gain[2]	11	(5)	(1)	–	5
Non-qualified deferred compensation arrangements	–	–	2	–	2
Purchases	–	–	8	–	8
Disposals	–	–	(2)	–	(2)
At 31 March 2018	11	(5)	37	–	43
IFRS 9 reclassification[1]	**–**	**–**	**(16)**	**16**	**–**
Income statement:					
– prior year amounts settled	**(10)**	**5**	**–**	**–**	**(5)**
– current year net (loss)/gain[2]	**38**	**(2)**	**–**	**–**	**36**
Other comprehensive income	**–**	**–**	**–**	**2**	**2**
Non-qualified deferred compensation arrangements (Note 17)	**–**	**–**	**1**	**–**	**1**
Purchases	**–**	**–**	**15**	**5**	**20**
Disposals	**–**	**–**	**(3)**	**–**	**(3)**
Currency translation differences	**–**	**–**	**1**	**1**	**2**
At 31 March 2019	**39**	**(2)**	**35**	**24**	**96**

1 Prior to 1 April 2019 and the adoption of IFRS 9 (Refer to Note 35) financial assets at FVPL and financial assets at FVOCI were classified together as available-for-sale financial assets. These are presented in the financial assets at FVPL category above for the 2018 financial year.

2 Unrealised.

The full impact to the income statement of movements in the corn price on the net corn and co-product position is described within the 'Price risk management' section of Note 27. The table below describes the valuation techniques in relation to Level 3 financial instruments and isolates the unobservable inputs.

Type	Valuation technique	Significant unobservable inputs	Sensitivity of the fair value measurement in reasonable changes to inputs
Net corn position (refer to 'Fair value of purchases, sales and inventory of corn-based products section in Note 2).	Based on the Group's own assessment of the commodity, supply and demand, as well as expected pricing.	1. Co-products 2. Basis	1. 10% increase/(decrease) in the price of co-products would result in a net increase/(decrease) in fair value of £2 million (2018 – £3 million) in respect of Level 3 financial instruments. 2. 10% increase/(decrease) in the cost of basis would result in a net increase/(decrease) in fair value of £1 million (2018 – £2 million) in respect of Level 3 financial instruments.

In addition to the above, the Group's FVOCI and FVPL financial assets are sensitive to a number of market and non-market factors.

Notes to the consolidated financial statements (continued)

27. RISK MANAGEMENT

Management of financial risk

The key financial risks faced by the Group are credit risk, liquidity risk and market risks, which include interest rate risk, foreign exchange risk and certain commodity price risks. The Board regularly reviews these risks and approves written policies covering the use of financial instruments to manage these risks and sets overall risk limits. The derivative financial instruments approved by the Board of Tate & Lyle PLC to manage financial risks include swaps, both interest rate and currency, swaptions, caps, forward rate agreements, foreign exchange and commodity forward contracts and options, and commodity futures.

The Chief Financial Officer retains overall responsibility for management of financial risk for the Group. Most of the Group's financing, interest rate and foreign exchange risk are managed through the Group treasury company, Tate & Lyle International Finance PLC, whose operations are directed by its board. Tate & Lyle International Finance PLC arranges funding and manages interest rate, foreign exchange and bank counterparty risks within limits approved by the Board of Tate & Lyle PLC.

Commodity price risks are managed through divisional commodity trading functions in the US and Europe. These functions are controlled by divisional management who are responsible for ratifying general strategy and overseeing performance on a monthly basis. The performance of the commodity trading function is monitored against its ability to match the Group's needs for raw materials with purchase contracts, as well as the Group's output of co-products with sales contracts. The Group applies a limited level of hedge accounting to its economic price exposure hedges.

Market risks

Foreign exchange management

The Group operates internationally and is exposed to foreign exchange risks arising from commercial transactions (transaction exposure), and from recognised assets, liabilities and investments in foreign operations (translation exposure).

Transaction exposure

The Group manages foreign exchange transaction risk using economic hedging principles including managing working capital levels and entering into offsetting arrangements wherever possible. The Group uses limited foreign exchange forward contracts to hedge its exposure to foreign currency risk in some circumstances. There is no material amount recognised in the statement of financial position or hedging reserve in the current or prior period.

Translation exposure

The Group manages the foreign exchange exposure to net investments in overseas operations, particularly in the US and Europe, by borrowing in US dollars, which provide a partial match for the Group's major foreign currency assets. The detail of these net investment hedges can be found in Note 26.

The following table illustrates only the Group's sensitivity to the fluctuation of the Group's major currencies against sterling on its income statement and other components of equity, assuming that each exchange rate moves in isolation. The income statement impact is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The equity impact for foreign exchange sensitivity relates to derivative and non-derivative financial instruments hedging the Group's net investments in its European and US operations.

	At 31 March 2019		At 31 March 2018	
	Income statement -/+ £m	**Equity -/+ £m**	Income statement -/+ £m	Equity -/+ £m
Sterling/US dollar 10% change	**–**	**42**	1	27
Sterling/euro 10% change	**1**	**5**	1	5

Interest rate management

The Group has an exposure to interest rate risk, arising principally from changes in US dollar, sterling and euro interest rates. This risk is managed by fixing or capping portions of debt using interest rate derivatives to achieve a target level of fixed/floating rate net debt, which aims to optimise net finance expense and reduce volatility in reported earnings. The Group's policy is that between 30% and 75% of Group net debt is fixed for more than one year and that no interest rates are fixed for more than 12 years. At 31 March 2019, the longest term of any fixed rate debt held by the Group was until October 2027 (2018 – October 2027). The proportion of net debt managed by the Group's treasury function at 31 March 2019 that was fixed or capped for more than one year was 70% (2018 – 68%).

As at 31 March 2019, if interest rates increased by 100 basis points, Group profit before tax would decrease by £1 million (2018 – £2 million decrease). If interest rates decreased by 100 basis points, or less where applicable, Group profit before tax would increase by £1 million (2018 – £1 million increase).

Price risk management

The Group manages its US net corn position, comprising the purchase, sale and recognition of corn and corn derived co-product inventory on a net basis. Each element of the net corn position is marked to market on the basis that doing so avoids accounting mismatch. The Group uses financial instruments (mainly corn futures contracts) to manage this net position. Accordingly this position is not designated in a hedge accounting relationship.

27. RISK MANAGEMENT continued

Price risk management continued

There are significant judgements and estimates used in applying marked to market/fair value accounting. These judgements and estimates are disclosed in Note 2. As at 31 March 2019, a 10% increase/decrease in the price of corn would result in a decrease/increase to the income statement of £1 million (2018 – £1 million) and related decrease/increase in other components of equity of £1 million (2018 – £nil).

The Group discloses sensitivity analysis on the key areas of estimation uncertainty (price of co-products and basis) and the carrying amounts impacted by estimation uncertainty in Note 26. Full details of the valuation technique are also included in Note 26.

Additionally, the Group employs limited commodity pricing contracts, principally futures, to hedge cash flow risk associated with certain forecast purchases which are designated as cash flow hedges. Refer to Note 26.

Credit risk management

Counterparty credit risk arises from the placing of deposits (refer to Note 15) and entering into derivative financial instrument contracts with banks and financial institutions, as well as credit exposures inherent within the Group's outstanding receivables. The Group manages credit risk by entering into financial instrument contracts substantially with investment grade counterparties approved by the Board.

The Board has approved maximum counterparty exposure limits for specified banks and financial institutions based on the long-term credit ratings from major credit rating agencies. Trading limits assigned to commercial customers are based on ratings from Dun & Bradstreet and Credit Risk Monitor. In cases where published financial ratings are not available or inconclusive, credit application, reference checking, and obtaining of customers' financial information such as liquidity and turnover ratio, are required to evaluate customers' credit worthiness. Counterparties' positions are monitored on a regular basis to ensure that they are within the approved limits and there are no significant concentrations of credit risks.

The Group's trade receivables are short term in nature and are largely comprised of amounts receivable from business customers. Concentrations of credit risk with respect to trade receivables are limited, with our customer base including large, unrelated and internationally dispersed customers. The Group considers its maximum exposure to credit risk at the year-end date is the carrying value of each class of financial assets as disclosed under financial instruments by category on page 158.

Liquidity risk management

The Group manages its exposure to liquidity risk and ensures maximum flexibility in meeting changing business needs by maintaining access to a wide range of funding sources, including capital markets and bank borrowings. The majority of the Group's borrowings are raised through the Group treasury company, Tate & Lyle International Finance PLC, and are then on-lent to the business units on an arm's length basis.

At the year end, the Group held cash and cash equivalents of £285 million (2018 – £190 million) and had committed undrawn facilities of £615 million (2018 – £570 million). These resources are maintained to provide liquidity back-up and to meet the projected maximum cash outflow from debt repayment, capital expenditure and seasonal working capital needs foreseen for at least a year into the future at any one time.

At 31 March 2019, the average maturity of the Group's committed financing was 4.4 years (2018 – 5.4 years), taking account of undrawn committed facilities.

The Group has a core committed revolving credit facility of US$800 million which was refinanced in the year and matures in 2024 (refer to Note 24). This facility is unsecured and contains one financial covenant, that the multiple of net debt to EBITDA, as defined in the facility agreement, should not be greater than 3.5 times.

In addition, the Group has US$400 million of US private placement notes which mature between 2023 and 2027. These notes contain financial covenants that the interest cover ratio should not be less than 2.5 times and that the multiple of net debt to EBITDA, as defined in the note purchase agreement, should not be greater than 3.5 times.

The ratios for these financial covenants were:

	Year ended 31 March	
	2019 Times	2018 Times
Net debt/EBITDA[1]	**0.7**	0.8
Interest cover[2]	**15.3**	14.6

1 This financial covenant applies to both the revolving credit facility and US private placement notes at 31 March 2019 and 31 March 2018.

2 This financial covenant only applies to the US private placement notes at 31 March 2019. It applied to both the revolving credit facility and US private placement notes at 31 March 2018.

The Group monitors compliance against all its financial obligations and it is Group policy to manage the consolidated statement of financial position so as to operate well within these covenanted restrictions. In both the current and comparative reporting periods, the Group complied with its financial covenants at all measurement points.

In the past the net debt to EBITDA ratio and the interest cover ratio were reported as key performance metrics in line with the calculation methodology used for financial covenants on the Group's borrowing facilities. Following the refinancing of the revolving credit facility and the amended covenant definitions, the Group simplified the calculation of these KPIs to make them more directly related to information in the Group's financial statements. As such simplified calculations of net debt to EBITDA and interest cover are reported in Note 4.

Notes to the consolidated financial statements (continued)

27. RISK MANAGEMENT continued

Liquidity risk management continued
The table below analyses the undiscounted cash flows related to the Group's non-derivative financial liabilities and derivative assets and liabilities.

			At 31 March 2019
Liquidity analysis	**< 1 year £m**	**1 – 5 years £m**	**> 5 years £m**
Borrowings including finance leases	**(212)**	**(115)**	**(259)**
Interest on borrowings	**(27)**	**(53)**	**(31)**
Trade and other payables	**(336)**	**–**	**–**
Derivative contracts:			
— receipts	**362**	**–**	**–**
— payments	**(387)**	**–**	**–**
Commodity pricing contracts	**(5)**	**–**	**–**

			At 31 March 2018
Liquidity analysis	< 1 year £m	1 – 5 years £m	> 5 years £m
Borrowings including finance leases	(8)	(210)	(339)
Interest on borrowings	(25)	(63)	(38)
Trade and other payables	(305)	(10)	–
Derivative contracts:			
— receipts	113	166	–
— payments	(110)	(183)	–
Commodity pricing contracts	1	–	–

Included in borrowings are £2,394,000 of 6.5% cumulative preference shares. Only one year's worth of interest payable on these shares is included in the less than one year category.

Derivative contracts include currency swaps, forward exchange contracts and interest rate swaps. Commodity pricing contracts included above represent options and futures. Commodity pricing contracts classified within Level 2 and Level 3 of fair value measurement are not included in the liquidity analysis above as they are not settled for cash.

Financial assets and liabilities denominated in currencies other than pounds sterling are translated to pounds sterling using year-end exchange rates.

Capital risk management
The Group's primary objectives in managing its capital are to safeguard the business as a going concern; to maintain the dividend policy; to maintain sufficient financial flexibility to undertake its investment plans; and to retain an investment-grade credit rating which enables access to debt capital markets. The Group's financial profile and level of financial risk is assessed on a regular basis in the light of changes to the economic conditions, business environment, the Group's business profile and the risk characteristics of its businesses.

Tate & Lyle PLC has contractual relationships with Moody's and Standard & Poor's (S&P) for the provision of credit ratings. At 31 March 2019, the long-term credit rating from Moody's was Baa2 (stable outlook) (2018 – Baa2) and from S&P was BBB (stable outlook) (2018 – BBB).

The Group regards its total capital as follows:

	Note	**2019 £m**	2018 £m
Net debt	25	**337**	392
Equity attributable to owners of the Company		**1 489**	1 367
Total capital		**1 826**	1 759

28. RETIREMENT BENEFIT OBLIGATIONS

Plan information

The Group operates a number of defined benefit pension plans, principally in the UK and the US.

A deficit or surplus is recognised on each plan, representing the difference between the present value of the benefit obligation and the fair value of the plan assets. For accounting purposes a valuation of each of the defined benefit plans is carried out annually at 31 March using independent qualified actuaries. Benefit obligations are measured using the projected unit credit method and are discounted using the market yields on high-quality corporate bonds denominated in the same currency as, and of similar duration to, the benefit obligations. Plan assets are measured at their fair value at the period-end date.

The UK plans primarily comprise funded retirement benefit plans where plan assets are held separately from those of the Group in funds that are under the control of trustees. These plans are closed to new entrants and to future accrual. In the UK, scheme members can elect to forego a portion of their future pension benefits, in return for a lump sum payment, or a transfer out to other arrangements. These amounts are excluded from future benefit projections.

The US plans, presented below, principally comprise

— two funded plans where plan assets are held separately from those of the Group in funds that are under the control of trustees. These plans are closed to new entrants and to future accrual.
— an unfunded retirement medical plan where the costs of providing these benefits are recognised in the period in which they are incurred. Such plans provide financial assistance in meeting various costs including medical, dental and prescription drugs. Employees are required to contribute to the cost of benefits received under the plans. The liability associated with this plan at 31 March 2019 was £77 million (2018 – £63 million). The Group paid £3 million (2018 – £5 million) into this plan in the year. Details on assumptions applied in the calculation of the liability and sensitivity analysis thereon is included in this note.
— a retirement benefit plan to certain employees which is funded but the associated assets do not qualify for recognition as IAS 19 plan assets. As such the plan is presented below as funded. The related assets are recognised as FVPL assets within investments in equities (refer to Note 17). This is referred to as 'non-qualified deferred compensation arrangements' within this note.
— a retirement benefit plan for certain employees which is unfunded and non-qualified for tax purposes.

The Group operates defined contribution pension plans in a number of countries. Contributions payable by the Group to these plans during the year amounted to £10 million (2018 – £10 million).

Movement in net defined benefit asset/(liability)

Analysis of net defined benefit asset/(liability)

	At 31 March 2019			At 31 March 2018		
	UK plans* £m	**US plans £m**	**Total £m**	UK plans* £m	US plans £m	Total £m
Benefit obligations:						
Funded plans	**(994)**	**(516)**	**(1 510)**	(1 008)	(483)	(1 491)
Unfunded plans	**(3)**	**(134)**	**(137)**	(2)	(119)	(121)
	(997)	**(650)**	**(1 647)**	(1 010)	(602)	(1 612)
Fair value of plan assets	**1 178**	**493**	**1 671**	1 167	463	1 630
Net surplus/(deficit)	**181**	**(157)**	**24**	157	(139)	18
Presented in the statement of financial position as:						
Retirement benefit surplus	**201**	**6**	**207**	174	4	178
Retirement benefit deficit	**(20)**	**(163)**	**(183)**	(17)	(143)	(160)
Net surplus/(deficit)	**181**	**(157)**	**24**	157	(139)	18

* *Includes £3 million (2018 – £2 million) relating to legacy unfunded retirement benefit plans of European subsidiaries.*

Notes to the consolidated financial statements (continued)

28. RETIREMENT BENEFIT OBLIGATIONS continued

Net defined benefit asset/(liability) reconciliation

	UK plans £m	US plans* £m	Total £m
Net surplus/(deficit) at 1 April 2018	157	(139)	18
Income statement:			
— current service costs	(1)	(1)	(2)
— administration costs	(1)	(1)	(2)
— net interest expense	5	(5)	-
Other comprehensive income:			
— actual return higher than interest on plan assets	25	4	29
— actuarial (loss)/gain:			
— changes in financial assumptions	(33)	(13)	(46)
— changes in demographic assumptions	10	7	17
— experience against assumptions	(2)	(3)	(5)
Other movements:			
— employer's contribution	22	7	29
— non-qualified deferred compensation arrangements	-	(1)	(1)
— currency translation differences	(1)	(12)	(13)
Net surplus/(deficit) at 31 March 2019	**181**	**(157)**	**24**

* Included within US plans is the retirement medical plan of £77 million (2018 – £63 million).

Analysis of movement in the benefit obligations

	UK plans £m	US plans £m	Total £m
At 1 April 2018	(1 010)	(602)	(1 612)
Income statement:			
— current service costs	(1)	(1)	(2)
— interest costs	(25)	(24)	(49)
Other comprehensive income:			
— actuarial (loss)/gain:			
— changes in financial assumptions	(33)	(13)	(46)
— changes in demographic assumptions	10	7	17
— experience against assumptions	(2)	(3)	(5)
Other movements:			
— benefits paid	65	35	100
— non-qualified deferred compensation arrangements	-	(1)	(1)
— currency translation differences	(1)	(48)	(49)
At 31 March 2019	**(997)**	**(650)**	**(1 647)**

Analysis of movement in plan assets

	UK plans £m	US plans £m	Total £m
At 1 April 2018	1 167	463	1630
Income statement:			
— administration costs	(1)	(1)	(2)
— interest gains	30	19	49
Other comprehensive income:			
— actual return higher than interest on plan assets	25	4	29
Other movements:			
— employer contributions	22	-	22
— benefits paid	(65)	(28)	(93)
— currency translation differences	-	36	36
At 31 March 2019	**1 178**	**493**	**1 671**

28. RETIREMENT BENEFIT OBLIGATIONS continued

Significant assumptions

For accounting purposes, the benefit obligation of each plan is based on assumptions made by the Group on the advice of independent actuaries. For the UK defined benefit pension plan these 'best estimate' IAS 19 assumptions are different to the more prudent assumptions used for funding valuation purposes. For the US defined benefit pension plan, the funding valuation assumptions are identical to the IAS 19 assumptions.

The Group considers that it has an unconditional right to the surplus relating to the UK plan as the scheme rules state that any surplus should be returned to the Group in the event that there are no members left in the pension scheme.

Principal assumptions	At 31 March 2019		At 31 March 2018	
	UK	US	UK	US
Inflation rate	**2.3%/3.3%**	**2.5%**	2.2%/3.2%	2.5%
Expected rate of salary increases	**n/a**	**3.5%**	n/a	3.5%
Expected rate of pension increases:				
– deferred pensions	**2.3%**	**n/a**	2.2%	n/a
– pensions in payment	**3.2%**	**n/a**	3.1%	n/a
Discount rate	**2.4%**	**3.8%**	2.6%	4.0%
Average life expectancy				
– male aged 65 now/ in 20 years	**21.3/23.0 years**	**20.5/22.2 years**	21.4/23.2 years	20.8/22.4 years
– female aged 65 now/ in 20 years	**23.4/25.2 years**	**22.6/24.2 years**	23.5/25.3 years	22.7/24.3 years

Principal assumptions used in calculating the US medical benefit obligation are medical cost inflation and the discount rate applied to the expected benefit payments. The Group has assumed medical cost inflation at 7.0% per annum (2018 – 7.5%), grading down to 5% by 2023, and used a discount rate of 3.7% (2018 – 3.9%).

At 31 March 2019, the sensitivity of the net surplus/(deficit) on the plans to changes in the principal assumptions was as follows (assuming in each case that the other assumptions are unchanged):

	Change in assumptions +/-	Increase/(decrease) in obligation Increase in surplus/(deficit) £m	Increase/(decrease) in obligation Decrease in surplus/(deficit) £m
Inflation rate*	50 bp	**56**	**(54)**
Life expectancy	1 year	**66**	**(74)**
Discount rate	50 bp	**(103)**	**114**

* Inflation rate sensitivity covers the inflation assumption, expected rate of salary increases assumption and expected rate of pensions in payment increases assumption.

Analysis of plan assets

	Year ended 31 March 2019			Year ended 31 March 2018		
	UK £m	US £m	Total £m	UK £m	US £m	Total £m
Quoted[1]						
Equities	**3**	**-**	**3**	79	-	79
Corporate bonds	**156**	**332**	**488**	162	331	493
Government bonds	**781**	**157**	**938**	811	128	939
Investment funds	**289**	**-**	**289**	205	-	205
Repurchase agreements[2]	**(334)**	**-**	**(334)**	(383)	-	(383)
Cash	**15**	**-**	**15**	15	-	15
Unquoted						
Investment funds	**1**	**-**	**1**	1	-	1
Derivatives	**12**	**-**	**12**	15	-	15
Insurance policies	**255**	**4**	**259**	262	4	266
	1 178	**493**	**1 671**	1 167	463	1 630

1 Quoted assets contain certain pooled funds where the underlying assets are quoted.

2 Repurchase agreements are used to manage liquidity and hedge the liabilities. They relate to the repurchase of bonds and as such are presented together within quoted assets.

The fair value of the insurance policies is deemed to be equivalent to the present value of the related benefit obligation. The Group also paid an additional £3 million (2018 – £5 million) into the US unfunded retirement medical plans and £4 million (2018 – £4 million) into the US unfunded pension plans to meet the cost of providing benefits in the financial year.

Notes to the consolidated financial statements (continued)

28. RETIREMENT BENEFIT OBLIGATIONS continued

Maturity profile

At 31 March 2019, the weighted average duration of the plans and the benefit payments expected by the plans are as follows:

	UK plans £m	US plans £m	Total £m
Weighted average duration	**15.9**	**11.2**	**14.0**
Benefit payments expected:			
— within 12 months	**41**	**39**	**80**
— between 1 to 5 years	**165**	**159**	**324**
— between 6 to 10 years	**217**	**195**	**412**

Funding of the plans

As required by local regulations, actuarial valuations of the US pension plans are carried out each year and those of the UK pension plans are carried out at least every three years. The main UK scheme triennial valuation as at 31 March 2016 was concluded during 2017, with agreed core funding contributions maintained at £12 million per year, and the Group also committing to extend the supplementary contributions payable into the secured funding account of £6 million per year until 31 March 2023. This funding is payable to the trustees on certain triggering events or as mutually agreed between the Company and Trustee. Payments of £22 million in the year to 31 March 2019 included one principal funding contribution of £12 million and the supplementary contribution of £6 million. The Group will continue to fund the UK plan administration costs. The next triennial valuation is due as at 31 March 2019 and is expected to be concluded in 2020.

During the year ending 31 March 2020 the Group expects to contribute approximately £26 million to its defined benefit pension plans and to pay approximately £4 million in relation to retirement medical benefits.

Risk mitigation

Risk	Action taken
Investment and longevity risks	The remaining assets of the funded defined benefit plans in the UK and US are now predominately held in fixed interest security type investments as a result of de-risking initiatives through the sale of the equities and some investment funds. The Group seeks to ensure that, as far as practicable, the investment portfolios of the funded plans are invested in securities with maturities and in currencies that match the expected future benefit payments as they fall due. Repurchase agreements are used to manage liquidity and hedge the liabilities. At 31 March 2019 £259 million (2018 – £266 million) of the benefit obligation was fully matched by qualifying insurance policies that also mitigate longevity and investment risks.
Interest rate risk	In the UK interest rate derivatives are used to achieve close matching where matching fixed-interest securities are not available in the market. At 31 March 2019 the ratio of non-insured liabilities under the main UK plan which had been hedged for both interest rate and inflation rate risks was 87% (2018 – 87%). For interest rate purposes it is the economic liability risk which is hedged rather than the IAS 19 accounting liability risk, i.e. the hedging is linked to movements in government bond yields rather than high quality AA corporate bond yields. The economic liability risk is hedged in this way as it impacts the funding position which, in turn, drives the Company's cash contribution requirements.
Inflation risk	Most of the inflation risk for the Group arises in the UK since deferred pensions and pensions in payment in the US do not attract inflation increases. Inflation risk is mitigated by holding index-linked government bonds and corporate bonds and inflation derivatives.

29. SHARE-BASED PAYMENTS

The Company operates share-based incentive arrangements for the executive directors, senior executives and other eligible employees under which awards and options are granted over the Company's ordinary shares. All of the arrangements under which awards and options were outstanding during the 2019 and 2018 financial years are classified as equity-settled.

During the year, the compensation expense recognised in profit or loss in respect of share-based incentives was £18 million (2018 – £15 million).

Fair value reflects any market performance conditions and all non-vesting conditions. Adjustments are made to the compensation expense to reflect actual and expected forfeitures due to failure to satisfy service conditions or non-market performance conditions.

The resulting compensation expense is recognised in the income statement on a straight-line basis over the vesting period and a corresponding credit is recognised in equity. In the event of the cancellation of an award, whether by the Group or a participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in the income statement. During the year, the Company adopted the amendment to IFRS 2 permitting net settled share-based payments to be treated as equity-settled in full, if certain criteria were met, rather than the tax element being cash-settled. The amount transferred to the tax authorities in the year was £8 million and has been recognised within financing activities in the consolidated statement of cash flows.

Performance Share Plan

The Group's principal ongoing share-based incentive arrangement is the Performance Share Plan (PSP). Participation in the PSP is restricted to the executive directors and other senior executives. Awards made under the PSP normally vest provided the participant remains in the Group's employment until the end of the performance period, and are subject to the satisfaction of performance conditions.

The conditions applicable to PSP awards made from 1 April 2016 relate to the achievement of the Group adjusted return on capital employed (ROCE) and adjusted profit targets. Up to 50% of each award vests dependent on the Group's adjusted ROCE from continuing operations reaching specified levels at the end of the performance period. Up to 25% of each award vests dependent on the compound annual growth in the Group's adjusted profit before tax with the remaining 25% from compound annual growth of the Food & Beverage Solutions adjusted operating profit.

The performance period is the period of three financial years beginning with the financial year in which the award is granted.

Group Bonus Plan – deferred element

Bonuses earned under the Group Bonus Plan (GBP) are normally paid in cash up to 100% of the base salary of the participating executive. Any excess above 100% of base salary is paid in the form of deferred shares that are released after two years subject to the executive remaining in the Group's employment. During the vesting period, payments in lieu of dividends are made in relation to the deferred shares.

Sharesave Plan

Options are granted from time to time under the Company's Sharesave Plan, which is open to all employees in the UK. It offers eligible employees the option to buy shares in the Company after a period of three or five years funded from the proceeds of a savings contract to which they contribute on a monthly basis. The exercise price reflects a discount to market value of up to 20%.

Restricted Share Awards

The Company has made a Restricted Share Award (RSA) to a number of eligible employees. Awards made normally vest provided the participant remains in the Group's employment during the performance period and other conditions, specific to the individual awards, are met.

Further information for these awards made in relation to executive directors are set out in the Directors' Remuneration Report on pages 94 to 111.

Movements in the year

Movements in the awards outstanding during the year were as follows:

	2019		2018	
	Awards (number)	**Weighted average exercise price (pence)**	Awards (number)	Weighted average exercise price (pence)
Outstanding at 1 April	**11 113 907**	**13p**	12 435 492	10p
Granted	**4 745 186**	**9p**	4 262 759	15p
Exercised	**(3 442 524)**	**5p**	(2 130 967)	13p
Lapsed	**(964 333)**	**15p**	(3 453 377)	5p
Outstanding at 31 March	**11 452 236**	**13p**	11 113 907	13p
Exercisable at 31 March	**208 598**	**63p**	485 268	17p

The weighted average market price of the Company's ordinary shares on the dates on which awards were exercised during the year was 666p (2018 – 704p).

Notes to the consolidated financial statements (continued)

29. SHARE-BASED PAYMENTS continued

Awards granted in the year

During the year, PSP awards were granted over 4,094,623 shares (2018 – 3,807,789 shares), RSAs were granted over 439,096 shares (2018 – 124,011 shares), the deferred element of GBP awards were granted over 133,095 shares (2018 – 216,727 shares) and Sharesave options were granted over 78,372 shares (2018 – 114,232 shares). The compensation expense recognised in relation to these awards is based on the fair value of the awards at their respective grant dates. The weighted average fair values of the awards granted during the year and the principal assumptions made in measuring those fair values were as follows:

	Year ended 31 March 2019		Year ended 31 March 2018	
	PSP	**Sharesave**	PSP	Sharesave
Fair value at grant date	**601p**	**143p**	627p	133p
Exercise price	**–**	**548p**	–	555p
Principal assumptions:				
Share price on grant date	**664p**	**695p**	687p	684p
Expected life of the awards	**3 years**	**3.3/5.3 years**	3 years	3.3/5.3 years
Risk-free interest rate	**n/a**	**0.79%/0.92%**	n/a	0.62%/0.86%
Dividend yield on the Company's shares	**4.34%**	**4.16%**	4.08%	4.12%
Volatility of the Company's shares	**n/a**	**25%**	n/a	25%

In addition the deferred shares issued under the Group Bonus Plan during the year have an expected life of 2.0 years with a fair value at the grant date of 654p (2018 – 795p). The RSAs were granted, with employment related conditions and expected life of the award, specific to each individual grant.

The fair value of the awards was measured using a Black-Scholes option pricing methodology, taking into account factors such as exercise restrictions and behavioural considerations.

Expected volatility was based on the historical volatility of the market price of the Company's shares over the expected life of the awards.

Awards outstanding at the end of the year

The range of exercise prices and the weighted average remaining contractual life of the awards outstanding at the end of the year were as follows:

	At 31 March 2019		At 31 March 2018	
Exercise price	**Awards (number)**	**Weighted average contractual life (months)**	Awards (number)	Weighted average contractual life (months)
Nil	**11 177 411**	**47.7**	10 853 697	46.7
400p to 799p	**274 825**	**31.5**	260 210	33.8
Total	**11 452 236**	**47.4**	11 113 907	46.4

30. PROVISIONS AND CONTINGENT LIABILITIES

Provisions

	Insurance provisions £m	Restructuring and closure provisions £m	Environmental Health & Safety provision £m	Litigation and other provisions £m	Total £m
At 1 April 2017	9	3	–	15	27
Provided in the year	2	–	–	1	3
Released in the year	–	–	–	(1)	(1)
Utilised in the year	(3)	(2)	–	(1)	(6)
Exchange and other movements	(1)	(1)	–	(1)	(3)
At 31 March 2018	7	–	–	13	20
Provided in the year	**5**	**11**	**16**	**2**	**34**
Released in the year	**–**	**–**	**–**	**(2)**	**(2)**
Utilised in the year	**(1)**	**(6)**	**(1)**	**(1)**	**(9)**
Exchange and other movements	**1**	**–**	**–**	**–**	**1**
At 31 March 2019	**12**	**5**	**15**	**12**	**44**

	At 31 March 2019 £m	2018 £m
Provisions are expected to be utilised as follows:		
– within one year	**24**	5
– after more than one year	**20**	15
Total	**44**	20

A provision is a liability of uncertain timing or amount that is recognised when: 1) the Group has a present obligation (legal or constructive) as a result of a past event; 2) it is more likely than not that a payment will be required to settle the obligation; and 3) the amount can be reliably estimated.

Insurance provisions include amounts provided by the Group's captive insurance subsidiary in respect of the expected level of insurance claims.

Restructuring provisions relate to a Group programme to deliver US$100 million of productivity benefits. Provision is made for restructuring costs when a detailed formal plan for the restructuring has been determined and the plan has been communicated to those affected by it. Refer to Note 8 for further detail.

£16 million of provisions have been recognised in the year ended 31 March 2019 to remediate environmental health and safety risks associated with idle assets at manufacturing sites in North America. Refer to Note 8 for further detail.

The difference between the carrying value and the discounted present value was not material in either year. All provisions classified as greater than one year are expected to be utilised within five years.

Contingent liabilities

Where a payment is not probable, or the amount of the obligation cannot be measured with sufficient certainty, a contingent liability is disclosed. Contingent liabilities are also disclosed if a possible obligation arises from past events, but its existence will be confirmed only by the occurrence or non-occurrence of uncertain future events.

Passaic River

The Group remains subject to a legal case arising from the notification in 2007 by the U.S. Environmental Protection Agency (USEPA) that it, along with approximately 70+ others, is a potentially responsible party (PRP) for a 17 mile section of the northern New Jersey Passaic River, a major 'Superfund' site. In March 2016, the USEPA issued its Record of Decision (ROD) on the likely cost for the remediation of the lower eight-mile section of the river (the most contaminated). Whilst the Group will continue to vigorously defend itself in this matter, in light of the publication of the ROD, the Group has maintained a provision of £6 million in respect of this. The Group continues to be unable to estimate a reasonably possible range of loss in respect of the remaining nine-mile section of the river and therefore has not recognised a provision for this section.

Other claims

The Group is subject to claims and litigation generally arising in the ordinary course of its business. Provision is made when liabilities are considered likely to arise and the expected quantum of the exposure is estimable. The risk in relation to claims and litigation is monitored on an ongoing basis and provisions amended accordingly. It is not expected that claims and litigation existing at 31 March 2019 will have a material adverse effect on the Group's financial position.

Notes to the consolidated financial statements (continued)

31. OPERATING LEASES AND OTHER COMMITMENTS

Operating lease payments represent rentals payable by the Group for certain of its land, buildings, plant and equipment. The Group determines that it has an operating lease when it has an arrangement in which it has the right to control the use of output from a specific asset. At the year-end date, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	At 31 March	
	2019 £m	2018 £m
Within one year	**37**	35
Between one year and five years	**126**	106
After five years	**145**	133
Total	**308**	274

The future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period is £2 million (2018 – £2 million).

Total commitments for the purchase of tangible and intangible non-current assets are £35 million (2018 – £26 million). In addition, commitments in respect of retirement benefit obligations are detailed in Note 28.

32. EQUITY ACQUISITIONS AND DISPOSALS

In the 2019 financial year:

Completion of Sweet Green Fields investment
On 7 December 2018, the Group completed the acquisition of a 15% equity holding in Sweet Green Fields for US$15 million (£12 million). Under the terms of the agreement, the Group has an option to acquire the remaining 85% share in due course. After considering all the terms of the arrangement with Sweet Green Fields it has been determined that the Group does not have significant influence. Accordingly the investment has been recognised within investment in equities. Refer to Note 17.

Completion of acquisition of non-controlling interest of Gemacom
On 30 November 2018, the Group completed the acquisition of the remaining non-controlling interest in Gemacom for £9 million in satisfaction of the put and call option arrangement and deferred consideration due. There was no income statement gain or loss as result of this transaction.

In the 2018 financial year:

Completion of Tapioca Development Corporation disposal
On 2 November 2017, the Group completed the sale of its 33.3% share in an associated undertaking, the Tapioca Development Corporation. This sale resulted in cash proceeds of £5 million and a profit on disposal of £2 million, after recycling of cumulative foreign exchange translation gains of £1 million from reserves to the income statement upon disposal.

33. RELATED PARTY DISCLOSURE

Identity of related parties
The Group has related party relationships with its joint ventures, the Group's pension schemes and with key management, being its Directors and executive officers. Key management compensation is disclosed in Note 9. There were no other related party transactions with key management. There were no material changes in related parties or in the nature of related party transactions during the year and no material related party transactions containing unusual commercial terms in the current or prior year.

Subsidiaries and joint ventures

	Year ended 31 March	
	2019 £m	2018 £m
Sales of goods and services to joint ventures	**164**	147
Purchases of goods and services from joint ventures	**–**	–
Receivables due from joint ventures	**28**	20
Payables due to joint ventures	**–**	–

Transactions entered into by the Company, Tate & Lyle PLC, with subsidiaries and between subsidiaries as well as the resultant balances of receivables and payables are eliminated on consolidation and are not required to be disclosed.

34. EVENTS AFTER THE BALANCE SHEET DATE

There are no post balance sheet events requiring disclosure in respect of the year ended 31 March 2019.

35. CHANGE IN ACCOUNTING POLICIES

As explained in Note 1, the Group has adopted IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers. The adoption of these accounting standards has not had a material effect on the financial statements, although it has resulted in changes to the classification of items recognised in the financial statements. The Group has also adopted an amendment to IFRS 2.

IFRS 9 and 15 have been adopted with the initial application date of 1 April 2018 and without restating comparatives.

The following table shows that the impact of the adoption of these new accounting standards on the relevant financial statement line item has been limited to a reclassification within non-current assets. There is no impact on other financial statement line items.

	31 March 2018 as originally presented £m	IFRS 9 £m	IFRS 15 £m	1 April 2018 £m
Non-current assets				
Available-for-sale financial assets	37	(37)	–	–
Financial assets at FVOCI	–	16	–	16
Financial assets at FVPL	–	21	–	21
Current assets				
Trade and other receivables	294	–	–	294
Equity				
Other reserves	159	–	–	159
Retained earnings	677	–	–	677

IFRS 9 Financial Instruments

Measurement of financial instruments
The Group has trade receivables which are financial assets subject to IFRS 9's new expected credit loss (ECL) model. The Group was required to revise its impairment methodology under IFRS 9. For these trade receivables, the Group applies the simplified approach to providing for expected credit losses, prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade and other receivables. The Group has a low level of default on its receivables and as such the impact of adopting the simplified ECL model is not material. Further detail is disclosed in Note 16.

Classification of financial instruments
Assets with a fair value of £37 million were reclassified from available-for-sale financial assets to financial assets at fair value through OCI (FVOCI) and fair value through the profit or loss (FVPL). Further detail is disclosed in Note 17. All other measurement categories used under IAS 39 have remained the same under IFRS 9.

Hedge accounting
IFRS 9 amends some of the requirements for the application of hedge accounting. The foreign currency and certain commodity forwards in place as at 31 March 2018 qualified as cash flow hedges under IFRS 9. The Group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships therefore continue to be treated as hedges.

Gains or losses relating to the effective portion of hedging instruments are recognised in OCI within the hedging reserve. Amounts accumulated in the hedging reserve are reclassified in the periods when the hedged item affects the income statement as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the hedging gains and losses are included within the cost of inventory. The deferred amounts are ultimately recognised in the income statement as the hedged item affects the income statement (for example, through cost of sales).
- Where the hedged item does not subsequently result in the recognition of a non-financial asset, the hedging gains and losses are recognised directly in the income statement as the hedged item affects the income statement.

IFRS 15 Revenue from contracts with customers
The Group has completed its review of commercial arrangements across all significant revenue streams and geographies including assessing the timing of revenue recognition as well as focusing on the accounting for principal and agency relationships, consignment stocks and discounts provided. As a result of the review, the Group has concluded that the adoption of IFRS 15 has not had a material impact on reported revenue or revenue growth rates. There are however a number of additional disclosures (refer to Note 5).

IFRS 2 Amendment: Classification and measurement of share-based payment transactions
During the year, the Company adopted the amendment to IFRS 2 permitting net settled share-based payments to be treated as equity-settled in full, if certain criteria were met, rather than the tax element being cash-settled. The amount transferred to the tax authorities in the year was £8 million and has been recognised within financing activities in the consolidated statement of cash flows. There is no material impact of adopting this amendment on the financial statements in the current or previous financial year.

Notes to the consolidated financial statements (continued)

36. RELATED UNDERTAKINGS

A full list of related undertakings, comprising subsidiaries and joint ventures, is set out below. All are 100% owned directly or indirectly by the Group except where percentage ownership is indicated with (X)%.

Subsidiaries

Company name	Registered address
United Kingdom[1]	
Astaxanthin Manufacturing Limited	1 Kingsway, London WC2B 6AT, UK
Cesalpinia (UK) Limited	1 Kingsway, London WC2B 6AT, UK
G.C. Hahn and Company Limited	1 Kingsway, London WC2B 6AT, UK
Hahntech International Limited	1 Kingsway, London WC2B 6AT, UK
Harvey Steel Sugars Limited[2]	1 Kingsway, London WC2B 6AT, UK
Histonpark Limited	1 Kingsway, London WC2B 6AT, UK
Robinson Milling Systems (Tewkesbury) Limited[3]	1 Kingsway, London WC2B 6AT, UK
T.L.S.S. Pension Nominees Limited[2]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Export Holdings Limited[2]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Group Services Limited	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Holdings Americas Limited	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Holdings Limited[3]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Industrial Holdings Limited[2]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Industries Limited	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle International Finance PLC[2]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Investments (Gulf States) Limited	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Investments America Limited[3]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Investments Brazil Limited	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Investments Limited[2,3]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle L.P.	1209 North Orange Street, Wilmington, Delaware 19801, USA
Tate & Lyle Overseas Limited	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Pension Trust Limited[2]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Share Shop Limited[2]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Technology Limited[2]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle UK Limited[2]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Ventures II LP	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Ventures Limited[2]	1 Kingsway, London WC2B 6AT, UK
Tate & Lyle Ventures LP	1 Kingsway, London WC2B 6AT, UK
Argentina	
Tate & Lyle Argentina SA[4]	San Martín 140, 14th Floor, City of Buenos Aires, Argentina
Australia	
Tate & Lyle ANZ Pty Limited	Building 2, 1425 Boundary Road, Wacol QLD 4076, Australia
Belgium	
Tate & Lyle Services (Belgium) N.V.[2]	Industrielaan 4 box 10/1, 9320 Aalst, Belgium
Bermuda	
Tate & Lyle Management & Finance Limited	Canon's Court, 22 Victoria Street, Hamilton, Bermuda
Brazil	
Tate & Lyle Brasil S.A.[4]	Santa Rosa do Viterbo, State of São Paulo, Fazenda Amália, São Paulo, 14270-000, Brazil
G.C. Hahn & Co. do Brasil Estabilizantes e Tecnologia para Alimentos Ltda.[4]	Rua Sapetuba Nº 211, CEP:- 005510-001- Vila Pirajussara, Estado de São Paulo, Brazil
Tate & Lyle Gemacom Tech Indústria e Comércio S.A.[4]	No. 380, Distrito Industrial, City of Juiz de Fora, State of Minas Gerais at Rua B, 36092-050, Brazil
Canada	
Tate & Lyle Ingredients Canada Limited	Suite 400, Phoenix Square, 371 Queen Street, Fredericton NB E3B 4Y9, Canada
Chile	
Tate & Lyle Chile Commercial Ltda	Isidora Goyenechea 2800, Piso 43, Las Condes, Santiago, Chile
China	
Tate & Lyle Trading (Shanghai) Co. Ltd[4]	Room 1401, Building 11, No. 1582, Gumei Road, Xuhui District, Shanghai, 200233, China
G.C. Hahn & Co. Food Stabiliser Business (Shanghai) Ltd[4]	Unit A, Room 1301, Building 11, No. 1582, Gumei Road, Xuhui District, Shanghai, 200233, China
Tate & Lyle Food Ingredients (Nantong) Company Limited[4]	New & Hi-Tech Industrial Development District, Rudong county, Nantong city, 226400, China
Colombia	
Tate & Lyle Colombia S.A.S.[4]	Calle 11 #100-121 Of 309, Cali, Colombia
Croatia	
G.C. Hahn & Co. d.o.o. Za distribuciju stabilizacionih sistema	Donji Banovec 15, Koprivnica, 48000, Croatia
Czech Republic	
G.C. Hahn & Co. stabilizacni technika, s.r.o.	Ostravská 169, 339 01 Klatovy IV, Czech Republic
Egypt	
Tate & Lyle Egypt LLC	87 Street 9, Maadi, Cairo, Egypt
France	
G.C. Hahn & Cie. SARL	76, rue du Maréchal Lyautey, 78100 Saint Germain En Laye, France
Tate & Lyle Ingredients France S.A.S.	2 Avenue de L'Horizon, 59650 Villeneuve-D'Ascq, France
Germany	
G.C. Hahn & Co. Stabilisierungstechnik GmbH	Roggenhorster Strasse 31, 23556, Lübeck, Germany
G.C. Hahn & Co. Cooperationsgesellschaft GmbH	Roggenhorster Strasse 31, 23556, Lübeck, Germany
Tate & Lyle Germany GmbH	Roggenhorster Strasse 31, 23556, Lübeck, Germany
Gibraltar	
Tate & Lyle Insurance (Gibraltar) Limited	Suite 913, Europort, Gibraltar
Greece	
Tate & Lyle Greece A.E. (95%)	54248 Thessaloniki, K. Papadaki 69, Greece
India	
Tate & Lyle Investments (India) Private Ltd	C-367, Defense Colony, New Delhi, 110 024, India
Italy	
Tate & Lyle Italia S.P.A.	Via Verdi, 1-Ossona, Milano, Italy
Japan	
Tate & Lyle Japan KK	2F Oak Minami-Azabu Building, 3-19-23 Minami-Azabu, Minato-ku, Tokyo, Japan
Lithuania	
UAB G.C. Hahn & Co.	E. Simkunaites Str. 10, Vilnius, LT04130, Lithuania

36. RELATED UNDERTAKINGS continued

Company name	Registered address
Mexico	
Tate & Lyle México, S. de R.L. de C.V.[4]	Piso 2, Av. Universidad 749, Col del Valle Sur, Ciudad de Mexico, 03100, México
Mexama, S.A. de C.V.[4] (65%)	Calle lago de tequesquitengo, No 111 Col. Cuahutemoc C.P. 62430, Morelos, México
Talo Services de Mexico, S.C.[4]	Piso 2, Av. Universidad 749, Col del Valle Sur, Ciudad de Mexico, 03100, México
Morocco	
T&L Casablanca S.A.R.L.	22, Rue du Parc, Casa Théâtre Centre, Anfa, Casablanca, Morocco
Netherlands	
Nederlandse Glucose Industrie B.V.	1541 KA, Koog aan de Zaan, Lagedijk 5, The Netherlands
Tate & Lyle Netherlands B.V.	1541 KA, Koog aan de Zaan, Lagedijk 5, The Netherlands
Poland	
G.C. Hahn & Co. Technika stabilizowania Sp.z o.o.	Sterlinga 8A, 91425, Łódź, Poland
Tate & Lyle Global Shared Services Sp.z o.o.	Sterlinga 8A, 91425, Łódź, Poland
Tate & Lyle Poland Sp.z o.o.	Sterlinga 8A, 91425, Łódź, Poland
Russia	
Tate & Lyle CIS LLC[4]	Leninskaya Sloboda,26, Area 2, Room 100, 115280, Moscow, Russian Federation
Singapore	
Tate & Lyle Asia Pacific Pte. Ltd.	3 Biopolis Drive, #05-11 Synapse, Singapore 138623
Tate & Lyle Singapore Pte Ltd	One Marina Boulevard #28-00 Singapore 018989
Tate & Lyle Singapore Holdings Pte Ltd	16 Raffles Quay, #22-00 Hong Leong Building Singapore 048581
Slovakia	
Tate & Lyle Boleraz s.r.o.	Boleraz 114, 91908 Boleraz, Slovakia
Tate & Lyle Slovakia, s.r.o.	Boleraz 114, 91908 Boleraz, Slovakia
South Africa	
Tate and Lyle South Africa Proprietary Limited	1 Gravel Drive, Kya Sands Business Park, Kya Sands, 2163, South Africa
Spain	
G.C. Hahn Estabilizantes y Tecnologia para Alimentos	Av. Valencia, 15, 46171, Casinos Valencia, Spain
Ebromyl S.L.	Paseo Independencia, 6- PLT 3, 50004, Zaragoza, Zaragoza, Spain
Sweden	
Tate & Lyle Sweden AB	Älvåsvägen 1, 610 20, Kimstad, Sweden
Turkey	
Tate and Lyle Turkey Gıda Hizmetleri Anonim Şirketi	Esentepe Mah., Büyükdere Cad., 193 Plaza Kat: 2 193 / 235A14 Şişli, İstanbul, Turkey
Ukraine	
PII G.C. Hahn & Co. Kiev[4]	Mala Olexandriwka, Zentralna-Str. 2-B, Borispol, 08320 Kiew, Ukraine
United Arab Emirates	
Tate & Lyle DMCC	Cluster X, Tower X3, Office n. 3805., Jumeirah Lake Towers, Dubai, United Arab Emirates

Company name	Registered address
USA	
Staley Holdings LLC	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Custom Ingredients LLC	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Finance LLC	1209 North Orange Street, Wilmington, DE 19801, USA
TLHUS, Inc.	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Ingredients Americas LLC	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Sucralose LLC	1209 North Orange Street, Wilmington, DE 19801, USA
TLI Holding LLC	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Domestic International Sales Corporation	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Grain, Inc.	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Malic Acid LLC	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Sugar Holdings, Inc.	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Americas LLC	1209 North Orange Street, Wilmington, DE 19801, USA
Tate & Lyle Citric Acid LLC	1209 North Orange Street, Wilmington, DE 19801, USA
Staley International Inc.	1209 North Orange Street, Wilmington, DE 19801, USA
G. C. Hahn USA LLC	1209 North Orange Street, Wilmington, DE 19801, USA

Joint Ventures

Company name	Registered address
Mexico	
Almidones Mexicanos S.A. de C.V.[4] (50%)	Calle 26 No. 2756, Zona Industrial, Guadalajara, Jal., 44940, Mexico
Promotora de Productos y Mercados Mexicanos, S.A. de C.V.[4] (50%)	Calle 26 No. 2756, Zona Industrial, Guadalajara, Jal., 44940, Mexico
Estacion de Transferencia Coatzacoalcos, S.A. de C.V.[4] (50%)	Calle 26 No. 2756, Zona Industrial, Guadalajara, Jal., 44940, Mexico
USA	
DuPont Tate & Lyle Bio Products Company, LLC (50%)	1209 North Orange Street, Wilmington, Delaware 19801, United States

1 Registered in England and Wales, except Tate & Lyle L.P. which is registered in Delaware, USA.
2 Direct subsidiaries of Tate & Lyle PLC.
3 Entity also issues preference shares which are 100% attributable to Tate & Lyle PLC.
4 Non-coterminous year end (31 December) due to local statutory requirements.

The results, assets and liabilities and cash flows of those entities whose financial years are not coterminous with that of the Group are consolidated or equity accounted in the Group's financial statements on the basis of management accounts for the year to 31 March.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control would be accounted for within equity. Any gain or loss upon loss of control would be recognised in the income statement.

Parent Company balance sheet

	Notes	At 31 March 2019 £m	2018 £m
ASSETS			
Fixed assets			
Tangible fixed assets	2	**1**	3
Intangible assets	2	**4**	2
Investments in subsidiary undertakings	2	**1 070**	1 037
Total		**1 075**	1 042
Current assets			
Debtors	3	**1 541**	1 480
Cash at bank		**–**	–
		1 541	1 480
Creditors – amounts falling due within one year	4	**(1 318)**	(1 208)
Net current assets		**223**	272
Total assets less current liabilities		**1 298**	1 314
Creditors – amounts falling due after more than one year	4	**(2)**	(2)
Net assets		**1 296**	1 312
Capital and reserves			
Called up share capital	6	**117**	117
Share premium account		**406**	406
Capital redemption reserve		**8**	8
Retained earnings		**765**	781
Total shareholders' funds		**1 296**	1 312

The Company recognised profit for the year of £108 million (2018 – £180 million).

The Parent Company's financial statements on pages 176 to 181 were approved by the Board of Directors on 22 May 2019 and signed on its behalf by:

Nick Hampton
Director

Imran Nawaz
Director

The notes on pages 178 to 181 form part of these financial statements.

Tate & Lyle PLC
Registered number: 76535

Parent Company statement of changes in equity

	Called up share capital £m	Share premium account £m	Capital redemption reserves £m	Retained earnings £m	Total equity £m
At 1 April 2017	117	406	8	744	1 275
Profit for the year	–	–	–	180	180
Purchase of own shares	–	–	–	(27)	(27)
Share-based payments	–	–	–	15	15
Dividends paid	–	–	–	(131)	(131)
At 31 March 2018	117	406	8	781	1 312
Profit for the year	–	–	–	**108**	**108**
Purchase of own shares including net settlement	–	–	–	**(8)**	**(8)**
Share-based payments	–	–	–	**18**	**18**
Dividends paid	–	–	–	**(134)**	**(134)**
At 31 March 2019	**117**	**406**	**8**	**765**	**1 296**

At 31 March 2019, the Company had realised profits available for distribution in excess of £625 million (2018 – in excess of £650 million).

Notes to the Parent Company financial statements

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation
Tate & Lyle PLC (the Company) is a public limited company incorporated in the United Kingdom and registered in England. The Company's ordinary shares are listed on the London Stock Exchange.

The Company's financial statements are prepared under the historical cost convention in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 as at 31 March 2019, with comparative figures as at 31 March 2018.

For the reasons set out on page 130, the Company's financial statements are prepared on a going concern basis.

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account is not presented in these financial statements. Profit and loss account disclosures are presented in Note 8.

The results of the Company are included in the preceding Group financial statements.

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18(a) of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of IFRS 2 Share-Based Payments
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d) (statement of cash flows), 10(f) (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively), 38(A to D) (comparative information), 40(A to D) (presentation of third balance sheet), 111 (statement of cash flows) and 134 to 136 (capital management) of IAS 1 Presentation of Financial Statements.

The Company intends to maintain these disclosure exemptions in future years.

Judgements and key sources of uncertainty

Investments
Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary undertakings represent interests that are directly owned by the Company and are stated at cost less amounts written off for any permanent diminution in value.

Retirement benefits
The Company participates in a defined benefit pension scheme in which certain of its subsidiaries also participate. The Company, which is not the principal employer, cannot identify its share of the underlying assets and liabilities of the scheme. Accordingly, as permitted by IAS 19 Employee benefits, the Company accounts for the scheme as a defined contribution scheme and charges its contributions to the scheme to the profit and loss account in the periods in which they fall due.

Share-based payments
As described in Note 29 to the consolidated financial statements, the Company operates share-based incentive plans under which it grants awards over its ordinary shares to its own employees and to those of its subsidiary undertakings. All of the awards granted under the existing plans are classified as equity-settled awards.

Estimating fair value for share-based transactions requires determination of the most appropriate valuation model which depends on the terms and conditions of each individual grant. This estimation also requires determination of the most appropriate inputs to the valuation model.

For awards granted to its own employees, the Company recognises an expense that is based on the fair value of the awards measured at the grant date using a Black-Scholes option pricing methodology. For awards granted to employees of its subsidiary undertakings, the Company recognises a capital contribution to the subsidiary and a corresponding credit to equity calculated on the same basis as the expense that it recognises for awards to its own employees.

Guarantees
From time to time, the Company provides guarantees to third parties in respect of the indebtedness of its subsidiary undertakings and joint ventures. The Directors consider these guarantees to be insurance arrangements and, therefore, the Company recognises a liability in respect of such guarantees only in the event that it becomes probable that the guarantee will be called upon and the Company will be required to make a payment to the third party.

Own shares
Own shares represent the Company's ordinary shares that are held by the Company in treasury or by a sponsored Employee Benefit Trust that are used to satisfy awards made under the Company's share-based incentive plans. When own shares are acquired, the cost of purchase in the market is deducted from the profit and loss account reserve. Gains or losses on the subsequent transfer or sale of own shares are also recognised in the profit and loss account reserve.

Dividends
Dividends on the Company's ordinary shares are recognised when they have been appropriately authorised and are no longer at the Company's discretion. Accordingly, interim dividends are recognised when they are paid and final dividends are recognised when they are declared following approval by shareholders at the Company's AGM. Dividends are recognised as an appropriation of shareholders' funds. Details of dividends paid and proposed are set out in Note 7.

Dividend income received from subsidiary companies is recognised when the right to receive the payment is established.

2. FIXED ASSETS

	Plant and machinery £m	Intangible assets £m	Investments in subsidiaries £m
Cost			
At 1 April 2018	6	5	1 595
Additions	–	2	33
Disposals	(1)	–	–
At 31 March 2019	**5**	**7**	**1 628**
Accumulated depreciation/amortisation/impairment			
At 1 April 2018	3	3	558
Depreciation/amortisation/impairment charge	1	–	–
Disposals	–	–	–
At 31 March 2019	**4**	**3**	**558**
Net book value at 31 March 2018	3	2	1 037
Net book value at 31 March 2019	**1**	**4**	**1 070**

3. DEBTORS

	At 31 March	
	2019 £m	2018 £m
Due within one year		
Current tax	**26**	8
Amounts owed by subsidiary undertakings	**1 512**	1 469
Other debtors	**3**	3
Total	**1 541**	1 480

The effective interest rate applicable to amounts owed by subsidiary undertakings at 31 March 2019 is 2.7% (2018 – 2.1%). Amounts owed by subsidiary undertakings are receivable on demand. There is no security for non-trading amounts.

4. CREDITORS

	At 31 March	
	2019 £m	2018 £m
Due within one year		
Amounts owed to subsidiary undertakings	**1 297**	1 187
Other creditors	**5**	5
Accruals and deferred income	**16**	16
Total	**1 318**	1 208

The effective interest rate applicable to amounts owed to subsidiary undertakings at 31 March 2019 was 3.3% (2018 – 2.5%). Amounts owed to subsidiary undertakings are repayable on demand. There is no security for non-trading amounts.

In addition there are £2 million of cumulative preference shares due after one year. On a return of capital on a winding-up, the holders of 6.5% cumulative preference shares shall be entitled to £1 per share, in preference to all other classes of shareholders. Holders of these shares are entitled to vote at meetings, except on the following matters: any question as to the disposal of the surplus profits after the dividend on these shares has been provided for; the election of directors; their remuneration; any agreement between the directors and the Company; or the alteration of the Articles of Association dealing with any such matters.

Notes to the Parent Company financial statements (continued)

5. GUARANTEES AND FINANCIAL COMMITMENTS

At 31 March 2019, the Company had given guarantees in respect of committed financing of certain of its subsidiaries and joint ventures totalling £1,302 million (2018 – £1,196 million), against which amounts drawn totalled £612 million (2018 – £571 million). The Company had given guarantees in respect of operating lease commitments of certain of its subsidiaries and joint ventures totalling £260 million (2018 – £234 million). The Company provides other guarantees in the normal course of business. The Company has assessed the probability of material loss under these guarantees as remote. In addition, commitments in respect of retirement benefit obligations are detailed in Note 9.

Operating lease rentals payable during the year were £2 million (2018 – £1 million), all in respect of land and buildings. At 31 March 2019, the Company has outstanding commitments under non-cancellable operating leases which fall due as follows:

	At 31 March	
	2019 £m	2018 £m
Within one year	**2**	2
Between one year and five years	**7**	7
After five years	**4**	5
Total	**13**	14

At 31 March 2019 and 31 March 2018, the Company had no outstanding capital commitments.

6. SHARE CAPITAL AND SHARE PREMIUM

Allotted, called up and fully paid equity share capital

	2019		2018	
	Number of shares	**Cost £m**	Number of shares	Cost £m
At 1 April	**468 308 934**	**117**	468 256 866	117
Allotted under share option schemes	**37 016**	**-**	52 068	-
At 31 March	**468 345 950**	**117**	468 308 934	117

See Note 21 in the consolidated financial statements for details of treasury shares and shares held in the Employee Benefit Trust.

7. DIVIDENDS ON ORDINARY SHARES

Dividends on ordinary shares in respect of the financial year:

	Year ended 31 March	
	2019 pence	2018 pence
Per ordinary share:		
— interim dividend paid	**8.6**	8.4
— final dividend proposed	**20.8**	20.3
Total dividend	**29.4**	28.7

The Directors propose a final dividend for the financial year of 20.8p per ordinary share that, subject to approval by shareholders, will be paid on 31 July 2019 to shareholders who are on the Register of Members on 21 June 2019.

Dividends on ordinary shares paid in the year:

	Year ended 31 March	
	2019 £m	2018 £m
Final dividend paid relating to the prior year	**94**	92
Interim dividend paid relating to the year	**40**	39
Total dividend paid	**134**	131

Based on the number of ordinary shares outstanding at 31 March 2019 and the proposed amount, the final dividend for the financial year is expected to amount to £96 million.

8. PROFIT AND LOSS ACCOUNT DISCLOSURES

The Company recognised a profit for the year of £108 million (2018 – £180 million).

Fees payable to the Company's external auditors, Ernst & Young LLP, for the audit of the Company's financial statements amounted to £0.1 million (2018 – £0.1 million). The comparative period relates to fees paid to PricewaterhouseCoopers LLP as the Group changed auditor during the year.

The Company employed an average of 169 people (including Directors) during the year (2018 – 168). Staff costs are shown below:

	Year ended 31 March	
	2019 £m	2018 £m
Wages and salaries	**27**	27
Social security costs	**5**	5
Other pension costs	**2**	2
Share-based incentives	**6**	7
Total	**40**	41

Directors' emoluments disclosures are provided in the Directors' Remuneration Report on pages 94 to 111 and in Note 9 of the consolidated financial statements.

No deferred tax assets have been recognised in respect of tax losses of £341 million as there is uncertainty as to whether taxable profits against which these assets may be recovered will be available.

9. RETIREMENT BENEFIT OBLIGATIONS

Plan information

The Company participates in a defined benefit plan together with another subsidiary company, Tate & Lyle Industries Ltd. Payments made by contributing companies principally comprise funding contributions agreed with the trustees that are determined to ensure that appropriate funding levels are maintained and funding deficits are eliminated over a reasonable period of time. The plan is closed to new entrants and future accruals. The Company has 318 pensioners and deferred pensioners out of a total membership of circa 5,500 (excluding dependent beneficiaries).

The Company also operates a defined contribution pension plan. Contributions payable by the Company to the plan during the year amounted to £2 million (2018 – £2 million).

The Company has provided a full liability guarantee in respect of the pension obligations of Tate & Lyle Industries Ltd, the other participating employer.

Funding commitments of the plan

As required by UK regulations, actuarial valuations are carried out at least every three years. The current funding commitments for the main UK Scheme are those which were established upon completion of the last triennial valuation as at 31 March 2016, with agreed core funding contributions maintained at £12 million per year, and supplementary contributions payable into the secured funding account of £6 million per year until 31 March 2023. The deficit or surplus in the plan impacts the future contributions which are determined with reference to the triennial actuarial valuations.

For further details on the defined benefit plan see Note 28 in the consolidated financial statements.

Strategy in action story
Accelerate portfolio development

Thinking like a challenger

Speed to market for a natural sweetener

In a world of challengers and disruptors a company's size, reputation and history are no guarantee of success. But our latest stevia story shows how these attributes, skilfully deployed, can deliver extraordinary advantages.

Stevia, the intensely sweet, zero-calorie extract of the stevia rebaudiana leaf, is a global trend in sugar reduction. Our TASTEVA® Stevia Sweetener has long been regarded as one of the best tasting on the market. But when sweetener companies started racing to launch their own better-tasting stevias, we had to act fast to stay ahead of the market.

First-generation stevia is made from the most abundant compound, known as Reb A, in the stevia leaf. It's relatively easy to extract, but has a bitter aftertaste when used at higher concentrations. Another compound, Reb M, doesn't have this aftertaste, but is rarer and so more expensive to extract from the leaf. So the challenge was to produce it fast, at a competitive cost.

Matching science with nature

Partnering with stevia specialists and growers Sweet Green Fields in 2017 had given us a consistent supply of leaf. We had the intellectual capital too, at our Innovation and Commercial Development Centre but what we didn't have was time.

Enter Codexis, enzyme engineering specialists. By pooling our expertise, we were able to use enzyme technology to transform abundant stevia leaf extract into the rarer Reb M.

Then it was simply a matter of putting our production, procurement, quality, regulatory and marketing teams and resources into action to meet the needs of customers and consumers.

We did it, and were more than a little pleased when TASTEVA® M Stevia Sweetener took centre stage at IFT 2018 – the world's leading food expo – and was welcomed as one of the best-tasting Reb M ingredients that starts with the leaf.

12

months from concept to launch

Useful information

Scientists at our ICD lab in Hoffman Estates, Illinois, USA, investigating the properties of stevia

Group five-year summary

				Year ended 31 March	
	2015 £m	2016 £m	2017 £m	2018* £m	**2019 £m**
Results summary					
Continuing operations					
Sales	2 341	2 355	2 753	2 710	**2 755**
Adjusted operating profit	184	188	264	300	**305**
Amortisation of acquired intangible assets	(9)	(11)	(12)	(12)	**(11)**
Exceptional items	(142)	(50)	(19)	2	**(58)**
Operating profit	33	127	233	290	**236**
Adjusted net finance expense*	(23)	(23)	(25)	(27)	**(26)**
Net retirement benefit interest expense	(8)	(6)	(7)	(5)	**–**
Net finance expense	(31)	(29)	(32)	(32)	**(26)**
Share of profit after tax of joint ventures and associates	23	28	32	28	**30**
Profit before tax	25	126	233	286	**240**
Income tax (expense)/credit	(21)	(5)	22	(23)	**(59)**
Profit for the year from continuing operations	4	121	255	263	**181**
Profit for the year from discontinued operations	26	42	1	2	**–**
Non-controlling interests	–	–	–	–	**–**
Profit for the year attributable to owners of the Company	30	163	256	265	**181**
Adjusted profit before tax	184	193	271	296	**309**

* Restated as the Group now includes net retirement benefit interest and associated tax in its alternative performance measures. Refer to Note 1. For the 2018 year presented above net retirement benefit interest is separated however adjusted net finance expense as restated was £32 million. Years prior to 2018 have not been restated.

				At 31 March	
	2015 £m	2016 £m	2017 £m	2018 £m	**2019 £m**
Employment of capital					
Goodwill and intangible assets	340	390	401	360	**342**
Property, plant and equipment	750	926	1 061	965	**982**
Other assets	33	23	30	37	**59**
Working capital (including provisions and non-debt derivatives)	339	323	394	385	**401**
Net pension (deficit)/surplus	(227)	(208)	(139)	18	**24**
Net assets held for sale (excluding cash included in net debt)	–	5	–	–	**–**
Net operating assets	1 235	1 459	1 747	1 765	**1 808**
Investment in joint ventures and associates	327	85	96	85	**102**
Net debt	(555)	(434)	(452)	(392)	**(337)**
Net tax liability	(71)	(81)	(59)	(91)	**(84)**
Total net assets	936	1 029	1 332	1 367	**1 489**
Capital employed					
Called up share capital	117	117	117	117	**117**
Reserves	818	911	1 215	1 250	**1 372**
	935	1 028	1 332	1 367	**1 489**
Non-controlling interests	1	1	–	–	**–**
Total equity	936	1 029	1 332	1 367	**1 489**

Per share information	2015	2016	2017	2018*	2019
Earnings per share continuing operations:					
– basic (pence)	0.9p	26.1p	55.0p	57.0p	**39.2p**
– diluted (pence)	0.8p	25.9p	54.2p	56.1p	**38.6p**
Basic earnings per share total operations:					
– reported (pence)	6.6p	35.1p	55.2p	57.4p	**39.2p**
– adjusted basic (pence)	38.0p	34.9p	47.9p	50.3p	**52.8p**
Diluted earnings per share total operations:					
– reported (pence)	6.5p	34.8p	54.4p	56.5p	**38.6p**
– adjusted diluted (pence)	37.7p	34.7p	47.1p	49.4p	**52.0p**
Dividends per ordinary share (pence)	28.0p	28.0p	28.0p	28.7p	**29.4p**
Closing share price at 31 March (pence)	597.5p	578.0p	764.5p	544.6p	**725.8p**
Closing market capitalisation at 31 March (£million)	2 798	2 706	3 580	2 550	**3 399**

Business ratios					
Interest cover (times)[1]	10.7x	10.7x	13.9x	9.4x	**11.6x**
Operating profit before exceptional items divided by net finance expense					
Net debt to EBITDA (times)[1]	1.3x	1.2x	0.9x	0.9x	**0.8x**
Net debt divided by pre-exceptional EBITDA					
Gearing	59%	42%	34%	29%	**23%**
Net debt as a percentage of total net assets[2]					
Adjusted operating margin	7.8%	7.9%	9.6%	11.1%	**11.1%**
Adjusted operating profit as a percentage of sales[2]					
Return on capital employed	12.2%	11.3%	14.3%	16.2%	**17.1%**
Profit before interest, tax and exceptional items as a percentage of invested operating capital[2]					
Dividend cover (times)					
Basic earnings per share divided by dividends per share[2]	0.2x	1.3x	2.0x	2.0x	**1.4x**
Adjusted basic earnings per share divided by dividends per share[2]	1.4x	1.2x	1.7x	1.8x	**1.8x**

1 Following the refinancing of the revolving credit facility in the year (refer to Note 24) the amended covenant definitions were adopted. In light of this, the Group has simplified the calculation of these KPIs to make them more directly related to information in the Group's financial statements. Years prior to the 2018 financial year have not been restated here and are calculated based on the applicable covenant definition. Refer to Note 4.

2 These metrics have been calculated using the results of both continuing and discontinued operations.

* Restated as the Group now includes net retirement benefit interest and associated tax in its alternative performance measures. Refer to Note 1. Years prior to 2018 have not been restated.

Additional information

Currency exchange rates

The principal exchange rates used to translate the results, assets and liabilities and cash flows of the Group's foreign operations into pounds sterling were as follows:

	Year ended 31 March 2019 £1 =	2018 £1 =
Average rates		
US dollar	**1.31**	1.33
Euro	**1.13**	1.13
Year-end closing rates		
US dollar	**1.30**	1.40
Euro	**1.16**	1.14

Calculation of changes in constant currency

Where changes in constant currency are presented in this statement, they are calculated by retranslating current year results at prior year exchange rates. The following table provides a reconciliation between the 2019 performance at actual exchange rates and at constant currency exchange rates. Absolute numbers presented in the tables are rounded for presentational purposes, whereas the growth percentages are calculated on unrounded numbers.

Adjusted performance Continuing operations	2019 £m	FX £m	2019 at constant currency £m	Underlying growth £m	2018* £m	Change %	Change in constant currency %
Sales	**2 755**	(2)	2 753	43	2 710	2%	2%
Food & Beverage Solutions	**143**	(3)	140	3	137	5%	3%
Sucralose	**61**	1	62	7	55	10%	11%
Primary Products	**148**	–	148	(18)	166	(11%)	(11%)
Central	**(47)**	–	(47)	11	(58)	18%	18%
Adjusted operating profit	**305**	(2)	303	3	300	2%	1%
Net finance expense	**(26)**	–	(26)	6	(32)	17%	17%
Share of profit after tax of joint ventures and associates	**30**	–	30	2	28	7%	9%
Adjusted profit before tax	**309**	(2)	307	11	296	4%	4%
Adjusted income tax expense	**(65)**	–	(65)	(1)	(64)	(2%)	(2%)
Adjusted profit after tax	**244**	(2)	242	10	232	5%	4%
Adjusted diluted EPS (pence)	**52.0p**	(0.5p)	51.5p	2.1p	49.4p	5%	4%

* Restated as the Group now includes net retirement benefit interest and associated tax in its alternative performance measures. Refer to Note 1.

Information for investors

SHAREHOLDER ENQUIRIES

Ordinary shares

Equiniti Limited

Information on how to manage your shareholdings can be found at www.shareview.co.uk. The website also provides answers to commonly asked shareholder questions and has links to downloadable forms, guidance notes and Company history fact sheets. You can also send your enquiry via secure email from the Shareview website.

Telephone enquiries

0371 384 2063 (for UK calls)[1]
+44 (0)121 415 0235 (for calls from outside the UK)

1 Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

Written enquiries

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

American Depositary Shares (ADSs)

The Bank of New York Mellon

The Company's shares trade in the US on the over-the-counter (OTC) market in the form of ADSs and these are evidenced by American Depositary Receipts (ADRs). The shares are traded under the ticker symbol TATYY.

Telephone and email enquiries

+1 888 269 2377 (for US calls)
+1 201 680 6825 (for calls from outside the US)
shrrelations@cpushareownerservices.com

Written enquiries

BNY Mellon Shareowner Services
PO Box 505000
Louisville, KY 40233-5000
USA

Tate & Lyle website and share price information

Tate & Lyle's website provides direct links to other Group company sites and to sites providing financial and other information relevant to the Company. The share price is available on the website with a 20-minute delay.

Financial calendar

2019 Annual General Meeting	25 July 2019
Announcement of half-year results for the six months to 30 September 2019	7 Nov 2019
Announcement of full-year results for the year ending 31 March 2020	21 May 2020[1]
2020 Annual General Meeting	23 July 2020[1]

Dividends paid on ordinary shares during the year ended 31 March 2019

Payment date	Dividend description	Dividend per share
1 August 2018	Final 2018	20.3p
4 Jan 2019	Interim 2019	8.6p

Dividend calendar for dividends on ordinary shares

	2019 final	2020 interim	2020 final
Announced	23 May 2019	7 November 2019[1]	21 May 2020[1]
Payment date	31 July 2019[2]	3 January 2020[1]	29 July 2020[1,2]

1 Provisional date.
2 Subject to approval of shareholders.

Dividends paid on 6.5% cumulative preference shares

Paid each 31 March and 30 September.

Capital gains tax

The market values on 31 March 1982 for the purposes of indexation up to April 1998 in relation to capital gains tax of Tate & Lyle PLC shares then in issue were:

Ordinary share of £1 each	201.00p
Equivalent value per ordinary share of 25p	50.25p
6.5% cumulative preference share	43.50p

Electronic communications

Shareholder documents are only sent in paper format to shareholders who have elected to receive documents in this way. This approach enables the Company to reduce printing and distribution costs and the impact of the documents on the environment.

Shareholders who wish to receive email notification should register online at www.shareview.co.uk, using their shareholder reference number that is on either their share certificate or other correspondence.

Dividend payments

Dividend reinvestment plan

The Company operates a Dividend Reinvestment Plan (DRIP) which enables shareholders to use their cash dividend to buy additional shares in Tate & Lyle PLC. Further information can be obtained from Equiniti.

Direct into your bank account

We encourage shareholders to have their dividends paid directly into their bank or building society account; dividend confirmations are then mailed to shareholders separately. This method avoids the risk of dividend cheques being delayed or lost in the post. If you live outside the UK, Equiniti also offers an overseas payment service whereby your dividend is converted into your local currency. Further information on mandating your dividend payments and the overseas payment service can be obtained from Equiniti.

Beware of share fraud

Shareholders should be very wary of any unsolicited calls or correspondence offering to buy or sell shares at a discounted price. These calls are typically from fraudsters operating 'boiler rooms'. Boiler rooms use increasingly sophisticated means to approach investors and often leave their victims out of pocket. If you are concerned that you may have been targeted by fraudsters please contact the Financial Conduct Authority (FCA) Consumer Helpline on 0800 111 6768.

Glossary

A

Acidulants
Ingredients such as citric acid that are used to add a 'sour' taste to food and soft drinks and to act as a preservative.

Adjusted free cash flow
Adjusted free cash flow represents cash generated from continuing operations after net interest and tax paid, and capital expenditure, excluding the impact of exceptional items.

Adjusted operating profit (PBITEA)
Operating profit (as defined separately), adjusted for amortisation of acquired intangible assets and net exceptional items.

Adjusted profit before tax (PBTEA)
Profit before tax (as defined separately), adjusted for amortisation of acquired intangible assets and net exceptional items.

B

Bio-PDO™
Multi-purpose monomer propanediol made from corn (as opposed to being made from a petrochemical source). Used in cosmetics, detergents, carpets and textiles.

C

Carbon dioxide equivalent (CO_2e)
One metric tonne of carbon dioxide or an amount of any other greenhouse gas with an equivalent global warming potential, calculated consistently with international carbon reporting practices.

CLARIA® Functional Clean-Label Starches
A line of clean-label starches with neutral taste and colour comparable to normal modified starches that is versatile across a broad range of applications and sophisticated processes.

'Clean label'
A term used in the food and beverage industry generally to refer to shorter or simpler ingredient lists or less processed ingredients that appeal more to some consumers than those containing complex ingredients. Interpretations may vary.

Commodities
Commodities include US ethanol and co-products.

Constant currency
Where changes in constant currency are presented, they are calculated by retranslating current year results at prior year exchange rates. Reconciliation between the 2019 performance at actual exchange rates and at constant currency exchange rates have been included in the additional information on page 186.

Continuing operations
Operations of the Group excluding any discontinued operations (as defined separately).

Co-products
Corn gluten feed, corn gluten meal and corn oil.

Corn gluten feed
The largest Tate & Lyle co-product, used in animal feed for dairy and beef cattle.

D

Discontinued operations
An operation is classified as discontinued if it is a component of the Group that: (i) has been disposed of, or meets the criteria to be classified as held for sale; and (ii) represents a separate major line of business or geographic area of operations; or will be disposed of as part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations.

DOLCIA PRIMA® Allulose
Low-calorie sugar that offers a superior, new taste experience.

G

Greenhouse gas (GHG)
Any of the following: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6).

H

HFCS
High fructose corn syrup widely used as a substitute for sugar in North America. Also called isoglucose in Europe.

K

KRYSTAR® Crystalline Fructose
A nutritive corn based sweetener.

N

Natural
A 'natural' description usually refers to a food ingredient that is present in nature and has been minimally processed. However, interpretations vary according to the different legal and regulatory landscape in different countries.

New Products
New Products are products in the first seven years after launch.

O

Operating profit (also referred to as profit before interest and tax (PBIT))
Sales less net operating expense.

P

Primary capacity
Processing capacity for the first stage of production, at which the agricultural raw material enters the production process.

Profit before tax (PBT)
Sales, less net operating expense, less net finance expense and including the Group's share of profit after tax of joint ventures.

PROMITOR® Soluble Fibre
A prebiotic soluble fibre.

R

REZISTA® Starches
A modified starch made from waxy corn which builds and protects texture in foods.

S

SPLENDA® Sucralose
A zero-calorie sweetener, the manufacturing process for which starts with sugar.

Stabiliser Systems
Systems customising ingredient blends to improve product mouthfeel, texture and stability profile.

STA-LITE® Polydextrose
A soluble fibre with prebiotic properties made from corn and used to provide body and texture in reduced calorie, no-added sugar and high-fibre foods.

STA-TAPE™ Waxy Acid Modified Starch
An industrial starch used for adhesives.

Sucralose
A reportable segment and part of the Food & Beverage Solutions division.

T

TASTEVA® M Stevia Sweetener
A zero-calorie sweetener made from stevia.

Definitions/explanatory notes

Non-reliance statement
This Annual Report has been prepared solely to provide additional information to shareholders to assess the Group's strategy and the potential of that strategy to succeed, and should not be relied upon by any other party or for any other purpose.

Cautionary statement
This Annual Report contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Tate & Lyle PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

Tate & Lyle PLC
Tate & Lyle PLC is a public limited company listed on the London Stock Exchange and is registered in England and Wales.

More information about Tate & Lyle can be found on the Company's website, www.tateandlyle.com

Trademarks
SPLENDA® and the SPLENDA® logo are trademarks of Heartland Consumer Products LLC.

Definitions
In this Annual Report:

- 'Company' means Tate & Lyle PLC
- 'Tate & Lyle', 'Group', 'we', 'us' or 'our' means Tate & Lyle PLC and its subsidiaries
- 'Gemacom' means Tate & Lyle Gemacom Tech Indústria e Comércio S.A.
- 'Almex' means Almidones Mexicanos SA
- 'Bio-PDO' means DuPont Tate & Lyle Bio Products Company, LLC
- 'during the year' means during the financial year ended 31 March 2019.

Environmental statement
This Annual Report has been printed on Heaven 42 and UPM Fine offset, which are both Forest Stewardship Council® (FSC®) certified paper.

Printed in the UK by Pureprint Group, a CarbonNeutral® Company with FSC® certification.

If you have finished with this Annual Report and no longer wish to retain it, please pass it on to other interested readers or dispose of it in your recycled paper waste.

The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked in that would otherwise be released. These protected forests are then able to continue absorbing carbon from the atmosphere, referred to as REDD (Reduced Emissions from Deforestation and forest Degradation). This is now recognised as one of the most cost-effective and swiftest ways to arrest the rise in atmospheric CO_2 and global warming effects. Additional to the carbon benefits is the flora and fauna this land preserves, including a number of species identified at risk of extinction on the IUCN Red List of Threatened Species.

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