

## CHAIRMAN'S STATEMENT

“The Board is confident that our strategy of becoming a leading global provider of speciality food ingredients will create long-term sustainable value for our shareholders.”

Sir Peter Gershon



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### Introduction

I could not open my statement on the performance of Tate & Lyle during the year without first addressing safety and the three tragic fatalities that have occurred over the last 12 months. Two accidents in Europe – one in Hungary and one in the Netherlands – and one just after the year end in Singapore, resulted in three people who came to work at our facilities not returning home to their families. At the time of writing, one other person remains in a critical condition in hospital in Singapore. I know I speak for the entire Board and the Company as a whole when I express my deep regret and sincere condolences to those families. We will continue to provide them with all the support that we can and our thoughts and prayers remain with them.

The tragic loss of these colleagues reminds us that safety is, and must always be, our first priority. With that in mind, we are re-doubling our focus on safety, with Javed Ahmed and his team leading a series of fresh initiatives to further improve hazard identification and accident prevention at all of our sites. These new measures will be closely overseen by William Camp and our Corporate Responsibility Committee. We will consider what other measures are required when the results of the official investigations into the causes of the fatalities are known.

### Group performance

We have faced a number of challenges over the last financial year. Unseasonably cold weather on both sides of the Atlantic

in the first half of the year reduced demand for our bulk sweeteners and this, along with an increasingly competitive environment for SLENDA® Sucralose and lower returns from co-products in volatile corn markets in the US, offset a good performance in a number of areas, notably the emerging markets.

Although we are now facing the headwind from lower SLENDA® Sucralose prices, the Board is confident that our strategy of becoming a leading global provider of speciality food ingredients will create long-term sustainable value for our shareholders. Accordingly, in the year ahead, we will continue to put in place the investment required to ensure the continued execution of our strategy and to build on the solid foundations laid over the last four years under Javed's leadership.

### Strategic progress

Realising our vision of becoming a leading global provider of speciality food ingredients and solutions requires us to explore new horizons and broaden the geographic reach of the business. While we continue to develop the business within what have historically been our core markets of North America and Europe, I am pleased to say we have made very good progress over the last few years building our speciality food ingredients business in both Asia and Latin America.

During the year, the Board visited China and Singapore to see our Asia Pacific operations and to gain a better understanding of the opportunities that exist in the region. Against a backdrop of rapid urbanisation, rising household income and changing tastes, the role of innovation and new product development is becoming increasingly important in these regions as food and beverage manufacturers look to respond to consumer demand. We were able to see first-hand how our investment in new capabilities and customer-facing facilities is helping our customers meet their objectives and get their new products to market faster across the region.

I am in no doubt that, alongside this investment, the strength of the Tate & Lyle brand and our reputation for delivering innovative food ingredients and solutions with the highest standards of quality, traceability and reliability have played an important part in building our presence in these markets.

The formation of Tate & Lyle Howbetter earlier in the year which combines Tate & Lyle's global blending capabilities and recipe know-how with Howbetter's strong local expertise and infrastructure, provides us with an excellent platform to

accelerate the growth of our Food Systems business in China. The acquisition of Winway Biotechnology, a Chinese producer of polydextrose, which we expect to complete later in the year, will further enhance our presence in Asia and our offering in the fast-growing fibre category.

Work to lay the foundations for future long-term growth derived from new ingredients continues within our Innovation and Commercial Development group (ICD). While the contribution from recent launches is modest, we are encouraged by the pipeline of customer projects and the strength of our innovation pipeline which remains robust. Within ICD we have also made excellent progress building a world-class marketing function which has begun work on a range of initiatives to promote our business and products globally.

Our investment in our global Commercial and Food Innovation Centre in Chicago, USA is not only helping us bring new products identified by ICD to market faster, it is also helping to generate stronger, more collaborative relationships with our customers. Further information on this is on page 16.

### Governance

As the business expands, my fellow directors and I are devoting more time to obtaining a better understanding of the markets in which we operate and how our business is evolving to meet customer needs. As well as individual non-executive directors' site visits to our operations, and the Board visit to the Asia Pacific region, members of the Audit Committee also visited our global Shared Service Centre in Łódź, Poland to review its work and future initiatives with the local team.

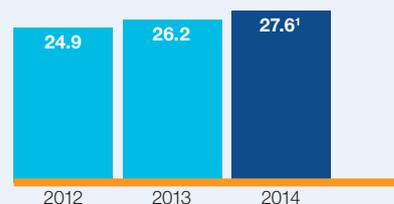
This year, we agreed that the annual review of Board effectiveness should be externally facilitated. We felt that given the importance of inclusive leadership and the changes to the Board in the previous financial year there would be significant benefit in undertaking this review from a diversity and inclusion perspective. Further details on our visits and the effectiveness review are set out within the Governance section.

### Corporate responsibility and risk management

We have continued to strengthen our internal control arrangements and external reporting on environmental, social and governance matters, including in relation to safety and business continuity management. Our approach to safety, business continuity and risk management focuses on preventive programmes, approaches and actions to reduce the risk of experiencing any incidents; and on advanced planning and preparedness

Dividend per share (pence)

27.6p<sup>1</sup>



<sup>1</sup> This includes the proposed final dividend.

for responding to actual events that may occur. Corporate responsibility matters are integrated into the Group's enterprise-wide risk management and reporting process (see page 29).

During the year, we have engaged with customers and other key stakeholders to better understand the environmental, social and governance matters and potential risks that they see as particularly important. We have used this feedback to review how we report on corporate responsibility in this Annual Report and through other means including our corporate website.

### Dividend

The Board recognises the importance of the dividend to shareholders and follows a progressive dividend policy with the aim of growing the dividend over time, taking into account the long-term earnings prospects of the business.

The Board is recommending a 5.3% increase in the final dividend to 19.8p (2013 – 18.8p) per share making a full-year dividend of 27.6p (2013 – 26.2p) per share, a 5.3% increase on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 1 August 2014 to all shareholders on the Register of Members at 27 June 2014. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

Finally, I would like to acknowledge the hard work of all our employees in a challenging year. We continue to make good strategic progress in transforming Tate & Lyle and we have them to thank for that.

**Sir Peter Gershon**  
Chairman

28 May 2014