

# IMPERIAL SUGAR COMPANY

## AUDIT COMMITTEE CHARTER

### **Purpose**

The Audit Committee is appointed by the Board of Directors to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the compliance by the Company with legal and regulatory requirements and (3) the independence and performance of the Company's internal and external auditors. The Audit Committee shall have and may exercise all of the powers of the Board of Directors, except as may be prohibited by law, with respect to all matters encompassed by this Charter.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission ("Commission") to be included in the Company's annual proxy.

### **Committee Membership**

The Audit Committee shall be elected by the Board of Directors and shall consist of not less than three members of the Board of Directors. Audit Committee members may be replaced by the Board of Directors. The Board of Directors shall also elect a chairman of the Audit Committee. The members of the Audit Committee shall meet the independence and experience requirements of NASDAQ, section 10A(m)(3) of the Securities Exchange Act of 1934 ("Exchange Act"), the rules and regulations of the Commission. If one member of the Audit Committee is not a financial expert as defined by the Commission then that fact shall be disclosed as required by the Commission.

### **Authority and Responsibility**

The Audit Committee shall have the ultimate authority and responsibility to select, evaluate, and, where appropriate, replace the independent auditors or to nominate the independent auditor to be proposed for stockholder approval. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees

consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

1. Review the annual audited financial statements with management, including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Company's financial statements.
2. Recommend to the Board of Directors whether the Company's annual audited financial statements and accompanying notes should be included in the Company's Annual Report on Form 10-K.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.
4. Review and discuss with management and/or the independent auditor any matters provided in Statement on Auditing Standards No. 71 arising in connection with the Company's quarterly financial statements, including other material written communications between the independent auditor and management.
5. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
6. Meet periodically with management to review the company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
7. Review disclosures made to the Audit committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the company's internal controls.

8. Review and discuss major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
9. Review the independence of the independent auditors, giving consideration to the range of audit and non-audit services performed by them. In this connection, the Committee is responsible for ensuring the independent auditors furnish at least annually a formal written statement delineating all relationships with the Company consistent with Independence Standards Board Standard No. 1. To evaluate the independence of the independent auditors, the Committee shall review the statement; conduct an active discussion with the independent auditors with respect to any disclosed relationships or services that may affect the objectivity and independence of the auditors; take any other appropriate action in response to the independent auditors' statement or other communications to satisfy itself of the independence of the independent auditors.
10. Review and evaluate the lead partner of the independent auditor team. Ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
11. Review the appointment and replacement of the senior internal auditing executive.
12. Review the significant reports to management prepared by the internal auditing department and management's responses.
13. Meet with the independent auditor prior to the audit to review the planning and staffing of the audit.
14. Obtain from the independent auditor assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated.
15. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company's subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Conduct.
16. Discuss with the independent auditor the matters required to be communicated by the independent auditor pursuant to Statement on Auditing Standards No. 61.
17. Review with the independent auditor and the internal auditor any problems or difficulties either may have encountered and any management letter provided by either auditor and the Company's response to that letter. Such review should include:

- a. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
  - b. Any changes required in the planned scope of the internal or external audit.
  - c. Internal and external auditor responsibilities, budget and staffing.
18. Prepare the report of the Committee required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
19. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
20. Review with the Company's General Counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
21. Meet at least annually with the chief financial officer, the senior internal auditing executive and the independent auditor in separate executive sessions.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. It is also not the duty of the Audit Committee to conduct investigations, to resolve any disagreements between management and the independent auditor or to assure compliance with laws and regulations and the Company's Code of Conduct.

## **Meetings**

The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Audit Committee will meet as often as the members shall determine to be necessary or appropriate but at least quarterly. In addition, the Audit Committee will make itself available to the independent auditors and the internal auditors of the Company as requested. Reports of meetings of the Audit Committee shall be made to the Board of Directors at its next regularly

scheduled meeting following the Committee meeting, accompanied by any recommendations to the Board of Directors approved by the Committee.