intertek

Annual Report & Accounts 2021

A Force for Good

Intertek is a force for good, bringing quality, safety and sustainability to life.

We are a purpose-led force for good, committed to delivering sustainable value for all stakeholders.

We never stop reinventing ourselves to take Intertek to greater heights.

I truly believe that one of our responsibilities to our stakeholders is to communicate clearly and with total transparency.

I am therefore pleased to share with you a new format for the 2021 Annual Report that captures, in a systemic end-to-end architecture, what we did in 2021 in three distinct reports: Strategic, Sustainability and Financial.

These three separate, and yet connected, reports have been designed to make it easier for our stakeholders to fully understand our business, how we bring quality, safety and sustainability to life, what we offer our clients, and the opportunities we have ahead of us.

André Lacroix
Chief Executive Officer

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intertek.com

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Where we record our financial activities, performance and position.

Highlights

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Strategic highlights

We have a clear purpose of making the world ever better and our leading ATIC solutions are what society needs to build back ever better.

The growth in our end-markets is accelerating as our clients have realised during Covid-19 that too many risks in their supply chains were not properly mitigated.

Given our strong market leadership positions and our Science-based Customer Excellence, we are well positioned to seize the exciting growth opportunities ahead.

We operate a high-quality earnings model with a track record of continuous growth in revenue, margin, cash and dividends with an excellent Return on Invested Capital.

We are a high-quality global business delivering sustainable value for all stakeholders: customers, employees, suppliers, shareholders, regulators and our communities.

Sustainability highlights

FTSE4Good

Intertek has been included in the FTSE4Good Index for the fifth year running.

MSCI ESG RATINGS AAA

In 2021, Intertek received a rating of 'AAA' in the MSCI ESG Ratings assessment.

We are a Living Wage Employer

Intertek is an accredited Living Wage Employer in the UK.

2050

Continuous focus on reducing our direct GHG emissions and targeting net zero emissions by 2050.

The Valuable 500

Proud member of the Valuable 500.

Highlights
Continued

Read our Financial Report on pages 172-232

Financial highlights

- Strong progress in revenue, margin, earnings and cash
- Revenue of £2,786.3m: +6.5% at constant rates and +1.6% at actual rates
- Robust LfL revenue of 5.6% at constant rates: Products: +7.6%, Trade: +3.0%, Resources +1.7%
- Strong H2 with LfL revenue, profit and margin ahead of 2019
- Double-digit adjusted operating profit growth of +15.4% at constant rates and +10.8% at actual rates
- Strong adjusted operating margin of 17.0%: +130bps at constant rates and +140bps at actual rates
- Strong free cash flow of £401.8m driven by cash discipline improving the negative Group working capital further
- Statutory operating profit of £433.2m, up 19.6% YoY at constant rates
- Statutory net profit after tax of £306.7m, up 22.4% at constant rates and 16.8% at actual rates

£2,786m
Revenue
(2020: £2,742m)

£474m
Adjusted operating profit[1,2]
(2020: £428m)

17.0%
Adjusted operating margin[1,2]
(2020: 15.6%)

190.8p
Adjusted diluted earnings per share[1,2]
(2020: 170.9p)

£2,744m
Like-for-like revenue[1]
(2020: £2,722m)

£433m
Statutory operating profit
(2020: £378m)

15.5%
Statutory operating margin
(2020: 13.8%)

177.9p
Statutory diluted earnings per share
(2020: 152.4p)

£402m
Adjusted free cash flow[2]
(2020: £435.6m)

24.4%
Organic Return on Invested Capital[1]
(2020: 21.6%)

105.8p
Dividend per share[3]
(2020: 105.8p)

1. Definitions of the alternative performance measures, metrics and constant rates can be found on page 230.
2. Adjusted operating profit, adjusted operating profit margin, adjusted diluted earnings per share ('EPS') and adjusted free cash flow are non-GAAP measures. Adjusted measures are stated before Separately Disclosed Items, which are described in note 3 to the financial statements. Reconciliations between statutory and adjusted measures, as well as return on invested capital and cash conversion, are shown in the Financial review.
3. Dividend per share for 2021 is based on the interim dividend paid of 34.2p (2020: 34.2p) plus the proposed final dividend of 71.6p (2020: 71.6p).

Strategic Report

We are a force for good, bringing quality, safety and sustainability to life for our clients, with a long-term 5x5 differentiated strategy for growth that has ensured another strong performance in 2021.

Our purpose-led approach and unrelenting focus on what matters to our customers is helping us to deliver sustainable value for all stakeholders.

Purpose Led

Read more about who we are on page 19

Ever better quality, safety and sustainability for all

Across the organisation, our people are excited about the opportunity we have to deliver on our purpose – bringing quality, safety and sustainability to life for our clients. This attitude and passion is at the heart of our culture, and our determination to be the agents of positive change around the world is evident in everything we do.

Science Driven

Read more about our innovations in the Operating Review on page 36

Outstanding solutions to empower our customers

Intertek at its core is a network of science-based, highly technically skilled individuals and teams who are dedicated to helping business become ever better. We understand the challenges our clients face and have the expertise to support them: whether it's making supply chains more resilient, managing an increasing volume of Quality Assurance related risks, making better use of big data, or ensuring the health, safety and wellbeing of their employees and consumers.

Customer Excellence

Amazing people delivering value every day

It is our people's unwavering commitment to our customers that has driven Intertek's strong performance throughout the pandemic and an economically turbulent period. Our performance has highlighted the unprecedented importance of Intertek's role and the mission-critical services we provide for companies across the world.

Read more about what we do on page 20

Chief Executive Officer's letter

It is our people who give us the right to call Intertek a force for good

André Lacroix
Chief Executive Officer

As I reflect on the significant disruption that Covid-19 has created for everyone on the planet, I deeply recognise and value the role we play at Intertek in every part of society.

We are a purpose-led force for good at the forefront of one of the world's most critical and exciting industries, bringing quality, safety and sustainability to life in more than 100 countries.

Covid-19 will be remembered as a tragedy for the world, changing life for millions of people, and it is my view that when the history books are written, Covid-19 will be remembered as much more than a global pandemic.

Indeed, Covid-19 has also caused the greatest dislocation of the global supply chain since the 1970s, demonstrating that the world was operating with significant intrinsic risks inside corporations and in our health services, making the need for risk-based Quality Assurance more critical than ever moving forward.

That is why Covid-19 has been a profound catalyst for change in all parts of society and all stakeholders realise that going back to the way the world operated pre-Covid-19 is just not good enough.

£2,786m
Revenue
1.6% at actual rates

190.8p
Adjusted Diluted EPS
11.6% at actual rates

24.4%
Organic ROIC
350bps at constant rates

17.0%
Adjusted Margin
140bps at actual rates

132%
Cash conversion
(1,600bps) at actual rates

105.8p
Dividend
In line with prior year

Everyone understands the need to build back an ever better world with higher quality, safety and sustainability standards, which of course is creating exciting growth opportunities for Intertek, whose purpose is to make the world an ever-better and ever-safer place.

As you will have heard, corporations across the globe have faced immense disruption to their supply chains during 2020 and 2021. I am pleased to report that our clients have had the peace of mind of being able to operate safely, knowing that they could count on 24/7 support from our 44,000 Total Quality Assurance ('TQA') experts across our global network of over 1,000 laboratories.

Throughout 2020 and 2021, our science-based, highly technically skilled individuals and teams have been acting in our customers' best interests with precision, pace and passion, going above and beyond our clients' expectations, delivering our customer promise: "Total Quality Assurance expertise delivered consistently with precision, pace and passion, enabling our customers to power ahead safely".

It is our people's unwavering commitment that has driven our continued strong performance throughout the pandemic and the associated economic downturn. Our strong performance during this period has demonstrated the importance of our role and the mission-critical services we provide for companies everywhere.

And it is thanks to the Science-based Customer Excellence of our people that we continue to be the global leader in risk-based Quality Assurance in one of the world's most exciting industries, the very attractive $250 billion Quality Assurance market.

Intertek people are the driving force behind our industry leading scale positions in our various end-markets, our subject matter expertise, providing excellence in everything we do, all of which will enable us to give our clients the peace of mind they need from a quality, safety and sustainability standpoint.

It is our people who give us the right to call Intertek 'an amazing force for good'. And I want to show in my 2021 CEO letter and wider report what this means in practice for ourselves, for our clients, for the world as a whole and for generations to come.

Chief Executive Officer's letter
Continued

Performance by business

Products
£1,755m
Revenue
4.4% at actual rates
9.1% at constant rates

22.8%
Adjusted Margin
190bps at actual rates
180bps at constant rates

Trade
£575m
Revenue
(2.9%) at actual rates
2.8% at constant rates

9.0%
Adjusted Margin
110bps at actual rates
110bps at constant rates

Resources
£456m
Revenue
(2.5%) at actual rates
1.6% at constant rates

5.0%
Adjusted Margin
(120bps) at actual rates
(120bps) at constant rates

Read more in the Operating Review on page 36

Strong progress in 2021

I would like to thank all of my colleagues at Intertek for their outstanding contribution that has enabled us to make strong progress in 2021 in revenue, margin, earnings and cash. 2021 marked another year that demonstrated the strengths of our differentiated ATIC (Assurance, Testing, Inspection and Certification) value proposition, the Science-based Customer Excellence of our organisation, our unique performance management approach and the quality of our earnings model, delivering sustainable value for all stakeholders: customers, employees, suppliers, shareholders, regulators and our communities.

Group revenue was £2,786m up 6.5% at constant rates driven by a robust LfL revenue growth of 5.6% and by the benefits of the acquisitions recently made. Operating profit grew by over 15% to £474m with margins increasing to 17%. Our free cash flow performance was excellent, with strong cash conversion driven by further improvements in working capital. This provides the Group with a strong balance sheet and the flexibility to invest in growth. Our ROIC was strong at 18.2% with an excellent organic ROIC of 24.4%, up 350bps year-on-year at constant rates. We continue to deliver sustainable returns to our shareholders and we have announced a full year dividend of 105.8p in-line with 2019 and 2020 enabling the Company to rebuild its dividends cover towards 2x.

> "We enter 2022 with confidence given the strong progress made in 2021."

Key 2021 performance highlights

- Revenue of £2,786.3m: +6.5% at constant rates and +1.6% at actual rates
- Robust LfL revenue growth of 5.6% at constant rates: Products: +7.6%, Trade: +3.0%, Resources +1.7%
- Broad-based LfL revenue growth and record operating profit and margin in H2
- Double-digit adjusted operating profit growth of +15.4% at constant rates and +10.8% at actual rates
- Strong adjusted operating margin of 17.0%: +130bps at constant rates and +140bps at actual rates
- Double-digit adjusted diluted EPS growth of +16.8% at constant rates and +11.6% at actual rates
- Strong cash conversion delivers free cash flow of £402m; financial net debt of £733m, 1.1x adjusted EBITDA
- 18.2% ROIC with organic ROIC of 24.4% up 350bps at constant rates
- Sustainable returns to shareholders with FY21 dividend of 105.8p in-line with 2019 and 2020
- Well positioned to seize the exciting growth opportunities ahead with industry leading ATIC services

We enter 2022 with confidence given the strong progress made in 2021 and we are targeting robust LfL revenue growth at constant currency, further margin progression and strong free cash flow, notwithstanding the supply chain challenges faced by clients in some of our markets.

The supply chain disruption being experienced by corporations across multiple industries has made the need for comprehensive risk-based quality, safety and sustainability assurance more critical than ever. Companies are investing in Quality Assurance to build greater resilience and safety, whilst innovating to deliver new high-quality products and services as consumer expectations rapidly evolve. The sprint to net zero emissions also means that corporations are reinventing the way they reduce their carbon footprints across their operations, adopting a comprehensive approach to sustainability with independently verified greater disclosures.

The Covid-19 pandemic has made the case for Total Quality Assurance clearer and stronger for our clients and we expect the $250 billion global Quality Assurance market to grow faster post-Covid. Moving forward, all stakeholders in society expect governments and corporations to build back a better world with a sharper focus on end-to-end Quality Assurance.

Thanks to our leading ATIC capability and expertise, innovation and insight, Intertek is uniquely positioned to benefit from the GDP+ like-for-like revenue growth prospects in the Quality Assurance industry. We are investing organically and inorganically to seize the sustained long-term growth opportunities in our industry through a disciplined approach to capital allocation.

Chief Executive Officer's letter
Continued

Stronger demand for ATIC solutions moving forward

Intertek is a science-based company at its core, based on a global network of laboratories operated by customer-facing technical experts who are dedicated to helping customers use our innovations to overcome their risks and challenges in quality, safety and sustainability.

Our science-based expertise has never been more relevant than today – and it is set to become more so in the years ahead as the lingering impact of the pandemic drives accelerating growth in demand for our ATIC services.

There is no doubt in my mind that Covid-19 will be remembered as the greatest dislocation of the global supply chain since the 1970s, creating significant challenges for businesses, governments and consumers across the world. Its impacts included major issues such as the lack of PPE and medical devices during phase 1 of the pandemic, a shortage of components and raw materials in multiple industries across multiple markets, and the significant disruption of global trade and delayed availability of some products and services hindering the rebound of the global economy.

These factors resulted in many impacts, from empty shelves in supermarkets and 'out of stock' notices in e-commerce across many product categories to labour shortages in certain sectors of the economy. These in turn have placed inflationary pressure on wages and a lack of synchronisation between demand and supply in the world's energy markets, creating a shortage of electricity in several countries and putting inflationary pressure on energy costs.

The disruption we are seeing in the global supply chain springs from the compounding effect of three factors. First came a rapid fall in demand in Q2 2020, triggering cost reductions in major sectors and causing lower stock levels and a reduced workforce. This was followed by a strong recovery in global demand in Q4 2020 and H1 2021 for many product categories, running well ahead of expectations that had just been lowered. These factors were compounded by a lack of business intelligence inside corporations, restricting their ability to read the global trade rebound early and start ordering and hiring on time.

At Intertek, we are supporting our 400,000 customers as they work to synchronise their sourcing, production and logistics activities to get their supply chains back to normal and service their clients.

The supply chain disruption within our clients' eco-systems is highly complex and everybody is working hard but it will take time before the global supply chain is back to normal. I met many of our customers in 2021 who share a common learning from this significant disruption to the global supply chain: they have been operating with substantial intrinsic risks in their supply chains without the right data, processes and independent assurance.

That's why we expect our clients to increase their investments in three key areas:

Resilient supply chains
Covid-19 is proving a catalyst for many corporations to improve the resilience of their supply chains and the major corrective actions our clients are putting in place include:
- Better data on what is happening in all parts of the supply chain;
- Tighter risk management, with razor-sharp business continuity planning;
- A more diversified portfolio of suppliers across all tiers;
- A more diversified portfolio of factories, including on-shoring to both enhance supply chain resilience and reduce the carbon footprint of their operations; and
- Investments in processes, technology and training to improve their supply chain capabilities.

Product and service innovation
We are seeing our clients realise that they need to invest more in product and service innovation to meet the changing needs of their consumers. As a result of the pandemic, corporations have seen consumer expectations change rapidly as they target a brighter, better future.

As a result, corporations need to step up their game in quality, safety, sustainability, convenience and value for money to enhance their products and services.

Sustainability
The sprint to net zero emissions is real, forcing corporations to reinvent how they reduce their carbon footprint, across their operational footprint and how they communicate their progress towards net zero with independently verified carbon-emission claims disclosures that assure transparency and greater accountability.

Our clients' additional investments in these three areas of their quality-assurance activities to build greater resilience, sustainability and safety will deliver additional growth opportunities for Intertek.

All stakeholders in society expect governments and corporations to build back a better world with a sharper focus on end-to-end Quality Assurance, and we expect the $250 billion global Quality Assurance market to grow faster post-Covid-19.

In short, the world of Quality Assurance, our unique TQA position within it and our emphasis on quality, safety and sustainability, is set to become more exciting than ever, as companies everywhere gear up to meet the needs and expectations of their stakeholders, outperform the competition and attract new customers and investment.

You can read more about our latest innovations on page 36 in the Operating Review

Chief Executive Officer's letter
Continued

Memberships, & ratings

The LEAF Coalition

leafcoalition.org

Get Nature Positive

getnaturepositive.com

FTSE4Good

MSCI ESG RATINGS AAA

msci.com

communicatemagazine.com/awards

Sustainability is the movement of our time
I shared with you in my previous CEO letters why sustainability had become the movement of our time, and recent events have pushed ESG issues ever more firmly into the spotlight.

At Intertek, we live by the same values that our wide range of sustainability services enable our clients to embrace. For example, we are committed to reaching net zero by 2050, and sustainability is at the heart of our 5x5 differentiated strategy for growth, realising sustainability means much more than achieving net zero.

For Intertek, doing business the right way with a systemic approach is the only way to deliver our corporate goals and create sustainable value for all stakeholders. We are therefore committed to leading by example with our own sustainability excellence agenda, implemented in every operation.

We are proud to have been recognised for our leading sustainability credentials with the highest possible 'AAA' ESG rating from MSCI, the world's largest provider of ESG indexes. This provides external validation for the incredible work that our colleagues do every day to support our clients with their own sustainability agendas, as well as being focused on sustainability excellence in our own operations.

We were also humbled to win the Gold Award in the Best CSR/ESG Report category at the 2021 Corporate and Financial Awards. This year, we are taking our Annual Report and Accounts to the next level, producing a report with three distinct sections: Strategic, Sustainability (incorporating Governance) and Financial. This is true to our belief that transparency creates accountability which is what the world needs to be a better place for all future generations.

During the year, we were proud to announce our participation in the LEAF (Lowering Emissions by Accelerating Forest Finance) Coalition, furthering our commitment to a net zero future. LEAF is a new public-private initiative designed to accelerate climate action by providing results-based finance to countries committed to protecting their tropical forests.

We made progress in 2021 in terms of reducing our carbon emissions as you will read in the Sustainability Report and moving forward, we will include yearly carbon emissions reduction targets in short-term incentives for all of our employees.

Our sustainability targets go beyond net zero and we have set targets for the entire organisation in the areas of customers satisfaction, diversity & inclusion, health and safety, compliance, employee turnover and engagement.

"At Intertek, we live by the same values that our wide range of sustainability services enable our clients to embrace."

Chief Executive Officer's letter
Continued

Supporting our clients' sustainability agendas

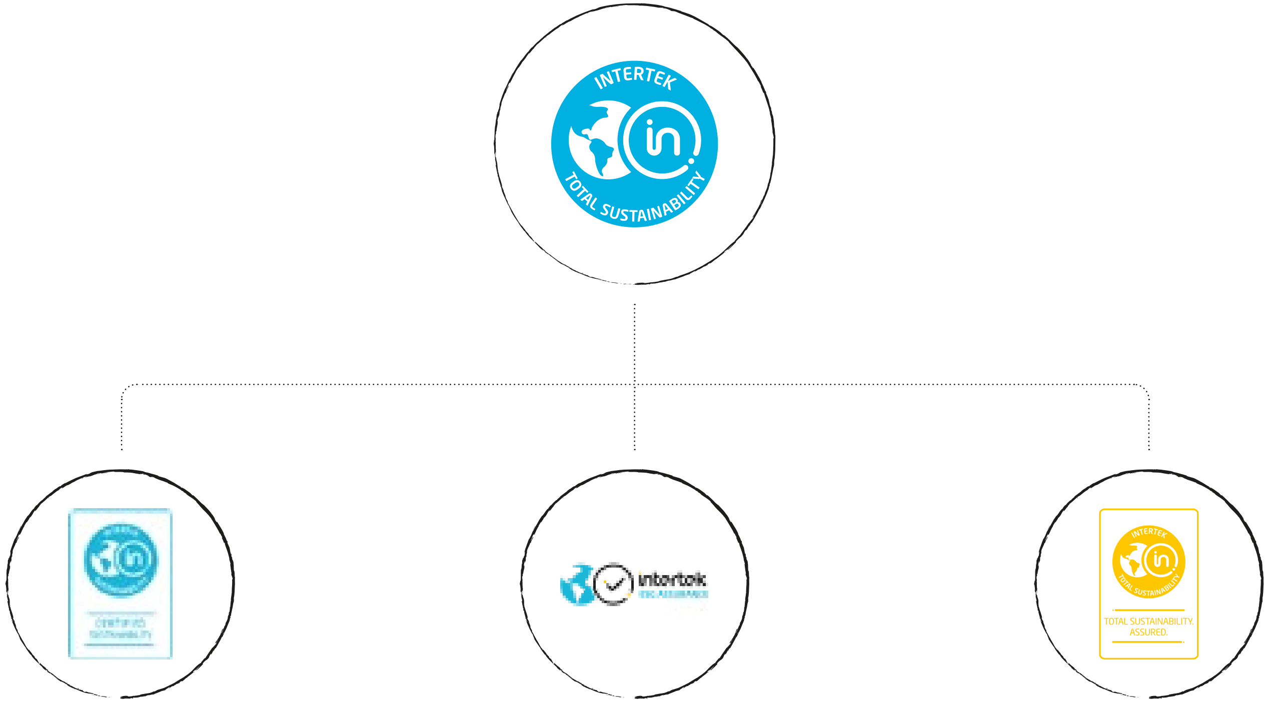
Our clients understand that they have to focus on operational and corporate sustainability matters, and they are asking us to deliver comprehensive solutions that address both aspects. With Intertek Total Sustainability Assurance, we deliver the independent end-to-end assurance our clients need on all aspects of their sustainability journey, helping them achieve sustainability excellence across all aspects of their business.

Intertek Total Sustainability Assurance is a holistic programme that leverages our footprint in more than 100 countries and covers all industries. Our teams of sustainability experts in every major region, whose expertise combines global and local perspectives, are committed to the thought leadership and innovation that set us apart in three distinctive sustainability assurance areas:

1. Intertek Operational Sustainability Solutions
2. Intertek ESG Assurance
3 Intertek Corporate Sustainability Certification

You can read more about the work we have done with clients on pages 80 to 85 of the Sustainability Report

Total Sustainability Assurance



1. INTERTEK OPERATIONAL SUSTAINABILITY SOLUTIONS

These are designed to help our customers achieve sustainability excellence in all parts of their operations, including across the supply chain. Our broad portfolio of industry-specific and industry-agnostic solutions is continuously evolving, and recent breakthrough innovations include CarbonClear™, CarbonZero™ and SourceClear™.

intertek.com/sustainability/operational

2. INTERTEK ESG ASSURANCE

With this programme, we support our clients on all aspects of their ESG reporting journey and non-financial data needs. Support ranges from strategy setting to preparing reports and providing independent verification of sustainability disclosures and reporting. This allows our customers to communicate with total confidence with their stakeholders on all aspects of their ESG journey.

intertek.com/sustainability

3. INTERTEK CORPORATE SUSTAINABILITY CERTIFICATION

The world's first independently verified corporate sustainability audit and certification programme is based on the 10 standards that we believe define a truly sustainable organisation from a company strategy and corporate governance perspective. They go beyond the criteria that are commonly looked at by ESG rating agencies to include other factors that stakeholders and investors should consider, including business resilience, risk appetite and enterprise security.

intertek.com/sustainability/corporate

Chief Executive Officer's letter
Continued

Implementing our 5x5 differentiated strategy for growth
Intertek has the track record of delivering sustainable value creation for all stakeholders which is testament to the strength of our 5x5 differentiated strategy for growth and our commitment to the kaizen principles of continuous improvement.

Our 5x5 differentiated strategy continued to inform our operational priorities in the face of the pandemic and is still doing so as we learn to live with the ongoing impacts of Covid-19.

It is based on five strategic priorities, which are deliverable through five strategic enablers, and is designed to help us achieve five goals:
- Fully engaged employees working in a safe environment;
- Superior customer services across all our Assurance, Testing, Inspection and Certification solutions;
- Margin-accretive revenue growth based on GDP+ organic growth;
- Strong cash conversion from our operations; and
- An accretive, disciplined capital-allocation policy.

Our strategic priorities – through which we will sustain and further extend our global leadership position – are:
- Differentiated brand proposition, positioning us as leader of the global TQA market;
- Superior customer service, making us the most trusted and respected TQA partner;
- Effective sales strategy, continuously improving our margin-accretive revenue growth;
- Growth and margin-accretive portfolio, prioritising investments with high-growth and high-margin prospects; and
- Operational excellence: our 'Ever Better' approach continuously improves efficiency and productivity.

The fact that we have consistently and demonstrably delivered against all these priorities reflects the power of our five strategic enablers:
- Living our customer-centric culture;
- Disciplined performance management;
- Superior technology;
- Energising our people; and
- Delivering sustainable results.

Investing in innovation to meet the changing needs of our clients
True to our pioneering spirit, and building on our existing strengths, we will continue to innovate and provide customers with the mission-critical solutions they need. We are investing organically and inorganically to seize the sustained long-term growth opportunities in our industry through a disciplined approach to capital allocation, targeting high-margin and high-growth areas that in turn accelerate margin-accretive revenue growth.

Intertek has been a pioneer in the industry, providing new innovative solutions to our clients capitalising on the Science-based Customer Excellence and the creativity of our organisation.

Our focused approach to innovation uses our proven three-tiered method: 'core', building on strengths of existing products and services; 'adjacent', expanding into fast-growing and high-margin markets; and 'breakthrough', developing innovative products and services.

We have brought many innovations to market under all these headings. Examples of core innovations include Facility Health Management ('FHM'), part of our Protek™ offering, which focuses on health, hygiene, safety and risk management. Protek FHM's science-based audit helps our customers reduce the risks of pathogen transmission and enhances their buildings' air quality, controls costs and risks, and increases employee and customer comfort.

We also added new and enhanced features to our market-leading supply chain compliance solution Inlight 2.0, that enables organisations to manage increasingly complex supply chain risks, empowering them to bring visibility to the workings of their vendor partners and turn potential disruptions and compliance irregularities to their competitive advantage.

In August we opened our new Minerals Global Centre of Excellence in Perth, Western Australia as a key hub for the minerals and mining industry. With more than 500 employees, this state-of-the-art laboratory gives our customers access to trusted sustainability expertise in mineral testing, inspection and analysis.

Examples of adjacent innovations include WindAware, an actionable data-mining SaaS platform launched at the beginning of the year. This data intelligence solution helps wind asset owners and operators make informed decisions in real time to optimise performance and maximise their asset life cycle.

In November, we formally opened our new Electric Vehicle Centre of Excellence for high-voltage EV propulsion systems in Milton Keynes, UK. This state-of-the-art testing centre will further enhance our offering to automotive companies in the fast-developing world of electric and hybrid vehicles.

Examples of breakthrough innovations include CarbonClear™, the world's first independent carbon-intensity certification programme, and SourceClear™, a new technology platform that provides visibility and traceability across the full range of supply chain relationships.

In April, we announced the launch of Intertek CarbonZero™, our new independent carbon-neutral certification for products and services. We subsequently issued the first Intertek CarbonZero™ Verified certification to Lundin Energy, representing the world's first certified carbon-neutral oil trade.

All these innovations and many more performed exceptionally well in 2021, underlining how we have created and maintained our leadership position. And it is by continuing to invest and innovate that we will further extend our lead in the years ahead.

You can read more about these and other innovations in the Operating Review on page 36

Read more about our new Minerals Global Centre of Excellence on page 43

Read more about our new Electric Vehicle Centre of Excellence on page 39

Chief Executive Officer's letter
Continued

Seizing new ATIC growth opportunities through strategic acquisitions
We are also targeting inorganic investments with attractive M&A opportunities that strengthen our ATIC portfolio in high-margin, high-growth areas. During the year we made two important acquisitions: SAI Global Assurance and JLA Brasil Laboratório de Análises de Alimentos S.A., which are excellent examples of investments in complementary businesses.

SAI Global Assurance is a highly complementary, capital-light and high-margin Quality Assurance business. It adds strongly to our existing strengths in industries like Food, Quick-Service Restaurants ('QSR') and Forestry and expands our business in Australia, USA, Canada and China. In addition, it has an excellent Standards business, which will help our clients traverse a fast-changing and increasingly complex regulatory environment.

JLA expands our existing Food and Agri Assurance capabilities into the attractive food-testing market in Brazil, which is one of the world's largest agri-food exporters.

We strongly believe in the benefit of scaling up organic and inorganic investments with a disciplined performance management approach and I am pleased to report that in 2021 our teams have made excellent progress leveraging the investments made in the last few years as evidenced by our strong return on capital.

"We are passionate about always being there for our customers."

Giving our clients the ATIC advantage
Intertek's pioneering history, which was initiated by founding fathers such as Thomas Edison, has lasted for more than 130 years. But it was only recently, in 2015, that we took a major step for both our company and our industry as a whole.

That is when we redefined the industry as we added Assurance to our Testing, Inspection and Certification ('TIC') solutions to create ATIC; an end-to-end, fully integrated portfolio of services that gives clients complete peace of mind across their operating systems, quality-management systems and supply chains.

We call this Total Quality Assurance ('TQA'), as our clients benefit from risk mitigation at every stage of their operations.

Our unique ATIC proposition brings to life our commitment to always taking customer service to the next level. While we recognise that TIC will remain very important for our clients moving forward, we also understand that it is no longer sufficient in a world where global trade was exponentially adding complexity to our clients' supply chains. Introducing Assurance was therefore an essential step forward to provide our clients with a superior customer service.

Today, Assurance is at the cutting edge of our value proposition and Intertek is the only company in the world providing a truly global TQA portfolio, delivered with precision pace and passion, and enabling our customers to power ahead safely.

We are proud of having provided our clients with our TQA approach since 2016 as we have helped them build stronger businesses and importantly given them the ATIC advantage they need to operate safely.

We truly believe that risk-based Quality Assurance powered by our unique ATIC solution is the future of our industry.

Building Back Ever Better in our communities
Each of our operations is part of a local ecosystem and I want to close my yearly letter with what we did in 2021 to take our community work to the next level and ultimately make the world ever better.

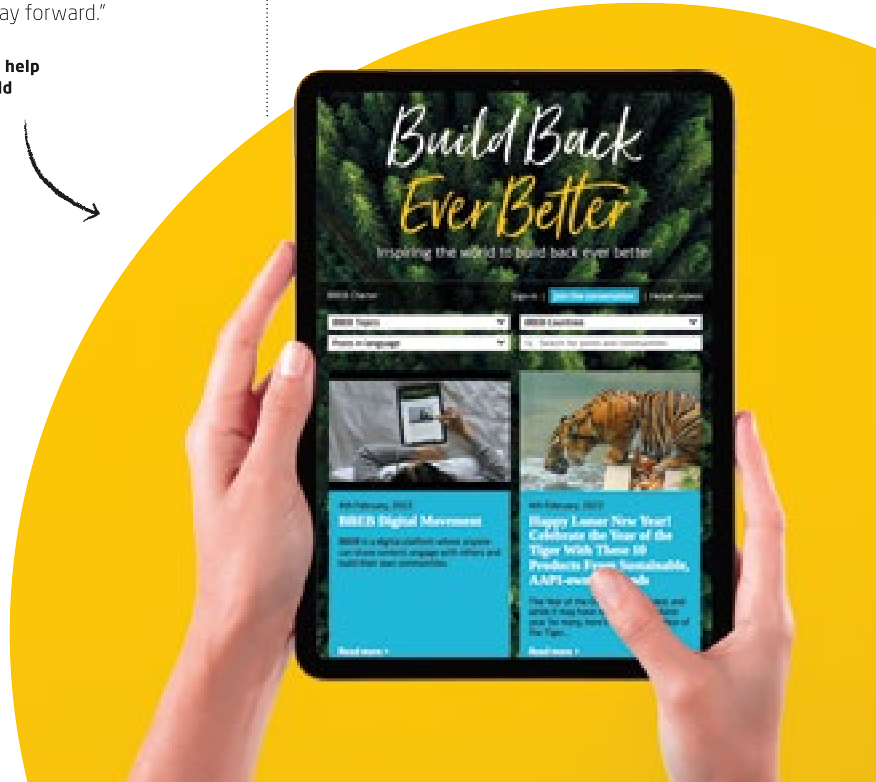
During the year, we launched the #BBEB platform, bbeb.com, with the intention of creating "a truly Glo-cal community-based movement to help people in their local community space to inspire friends, family and public institutions to Build Back an Ever Better world".

This is what the BBEB charter says: "BBEB is the place that makes it easy for anyone to be active on our platform, inspiring them to build back ever better by making step by step sustainable progress in the community, have a voice, to launch ideas that can make the world better, no matter how big or small. It could be anything from organising a beach clean or litter pick, creating a new recycling scheme, supporting clean energy, urban regeneration, helping others in need and much more. The important thing is that it's simply a better way forward."

Join BBEB.com today and help build an Ever Better World

Today, our multilingual site carries thousands of powerful stories posted by individuals across the world, highlighting inspirational initiatives from individuals, groups, communities, organisations and companies, all with the ambition of creating positive change by demonstrating what can be achieved with the right determination, focus and energy.

Since its launch at the end of March, our BBEB community digital space has been a big success.



Chief Executive Officer's letter
Continued

> "We can proudly say that Intertek is an amazing force for good in the world."

An amazing force for good
We are a purpose-led business, in which our 44,000 colleagues are united by their shared belief in the urgent need to make the world an ever-better and ever-safer place for everybody.

We are in the early stages of a 'new normal' and are observing new trends and behaviours, as well as demand for products and services that didn't exist prior to the pandemic. Consumers want more sustainable products, supply chain simplicity, visibility and traceability of goods, new solutions for hygiene, health and wellbeing, as well as lower carbon emissions.

Our clients equally recognise that they need us more than ever before in the face of this increasing consumer and regulatory demand to deliver products and services that are better, safer and more sustainable than anything that has gone before.

Moving forward, I therefore expect the global market for our ATIC services to grow faster than ever before.

As the global leader in risk-based Quality Assurance we are well positioned to benefit from our clients' increased investments in Total Quality Assurance to make their businesses stronger.

Our USP is our Science-based Customer Excellence in quality, safety and sustainability that enables us to provide our 400,000 clients with our leading ATIC solutions in Products, Trade and Resources in more than 100 countries.

We are deeply committed to our sustainability agenda and we will continue delivering sustainable value for all our stakeholders; customers, employees, suppliers, shareholders, regulators and our communities.

We can proudly say that Intertek is an amazing force for good.

André Lacroix
Chief Executive Officer

Our 5x5 strategy

Leveraging our 5x5 differentiated strategy for growth

5x5

Our differentiated 5x5 strategy continued to inform our operational priorities through the face of the Covid-19 pandemic and continues to do so. It is based on five strategic priorities, which are deliverable through five strategic enablers, and is designed to help us achieve five goals.

Our goals

1 Fully engaged employees

Fully engaged employees working in a safe environment.

2 Superior customer service

Superior customer service in Assurance, Testing, Inspection and Certification.

3 Margin-accretive revenue growth

Margin-accretive revenue growth based on GDP+ organic growth.

4 Strong cash conversion

Strong cash conversion from operations.

5 Disciplined capital allocation

Accretive, disciplined capital allocation policy.

Our 5x5 Strategy
Continued

Our 5 strategic priorities

Differentiated brand proposition

We are focused on developing a strong and differentiated brand, to position Intertek as the global market leader in Total Quality Assurance ('TQA').

Superior customer service

Delivering the highest standards of customer service is at the heart of our journey to being the world's most trusted TQA partner.

Effective sales strategy

Driving continuous improvement in margin-accretive revenue growth demands a structured and disciplined approach to sales effectiveness that is increasing leads and conversion rates.

Growth and margin-accretive portfolio

Prioritising investments with high-growth and high-margin prospects which help us to deliver maximum value.

Operational excellence

An 'ever better' approach to continuously improving our efficiency and productivity through quality management and operational excellence.

Our 5 strategic enablers

Living our customer-centric culture

Strong spirit of entrepreneurship, a customer-focused mindset and engagement at all levels of the organisation.

Disciplined performance management

Financial and non-financial metrics and processes focusing on margin-accretive revenue growth and strong cash conversion.

Superior technology

Improving the customer experience, leveraging back office synergies and delivering superior business intelligence.

Energising our people

Through investments in their capabilities, providing a fully aligned reward system and promoting internal growth.

Delivering sustainable results

Providing growth for our customers and shareholders and recognising the importance of sustainability for the wider community.

Investment case

Why invest?

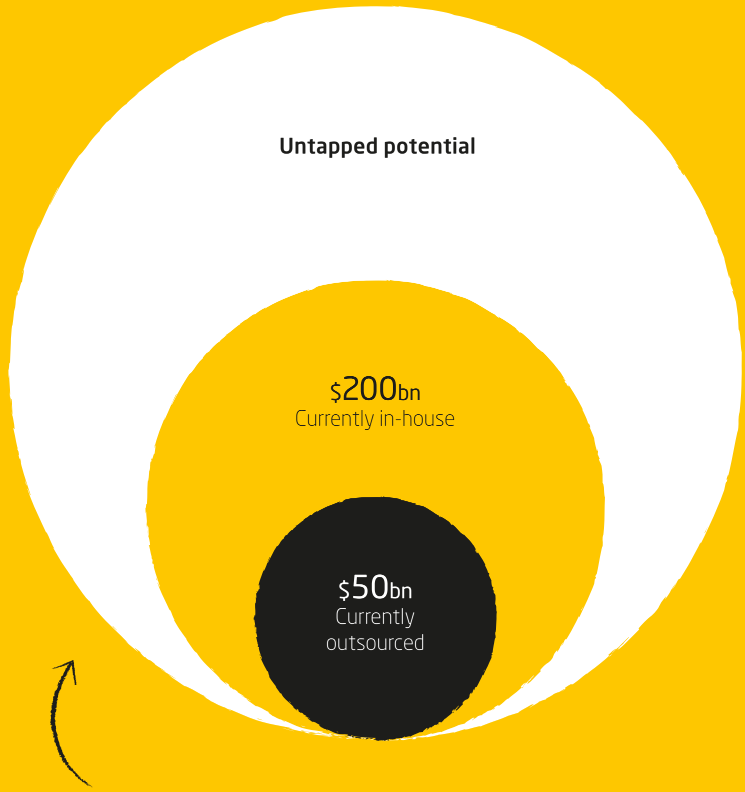
Intertek has a proven history of growth, innovation, disciplined portfolio management and operational excellence. Alongside the energy, agility and innovation of our colleagues around the world, we are uniquely well-positioned to capitalise on the growth opportunities ahead.

Global ATIC market

Our unique offering means we are well-placed to take advantage of the huge growth opportunities in the global ATIC market.

$250bn

Global ATIC market



Sustainable shareholder value

We have a strong track record of shareholder value creation, and the sustainability of our results is a tribute to the quality of our earnings model, the trusted relationships we have with our clients, the strength of our Total Quality Assurance ('TQA') customer service, the leading expertise of our 44,000 colleagues, and our passionate and customer-centric culture.

We continued to invest in our business in 2021, both organically and inorganically, and have finished the year with a strong financial position (net debt to EBITDA at 1.1x).

Growth opportunities

As our customers' operations and supply chains become more complex while the world recovers from Covid-19, we are helping them tackle unprecedented levels of risk. There are even greater growth opportunities in the market for Intertek's TQA services, and attractive industry-consolidation opportunities. With our unique offering and current network serving 400,000 clients around the world, we are in the ideal position to attract a substantial share of the market potential.

We estimate that only US$50 billion of the US$250 billion ATIC market is currently outsourced, presenting an opportunity to capture a share of US$200 billion.

Portfolio strategy

Intertek's focus is on high-margin, high-return sectors. This guides where we invest for growth in terms of our scale businesses – those likely to produce the fastest growth to come from or drive margin improvement – and targeted, value-enhancing acquisitions. We underpin this with our highly disciplined approach to performance management, based on a unique dashboard that addresses key financial metrics, such as revenue growth, margin, and investments in growth.

Our M&A focus is on companies with attractive growth and margin prospects, strong IP and market positions, and a highly cash-generative business model.

Investment case
Continued

High-quality earnings model

Our high-margin, cash-generative earnings model is at the core of what makes us successful. It is based on the delivery of our unique TQA value proposition. The profitable delivery of ATIC services to customers operating in the structurally attractive Products, Trade and Resources sectors is dependent on our capital-light business model and entrepreneurial culture, which also enables us to respond quickly to new growth opportunities.

To maximise returns, we continue to invest in high-growth, high-margin areas and maintain a disciplined approach to capital allocation.

Customer-led innovation

We believe that the real fuel for innovation is insight – which means having a deep understanding of what our customers need and want. Through our NPS programme, we carry out 6,000 customer interviews every month. With the ability to access world-class customer intelligence site-by-site from anywhere across our global network, we have a continuous stream of data that enables us to build on our insights and use this to develop new ATIC solutions.

We are constantly learning from our customers, using their extensive feedback to help us deliver 'ever better' solutions to their evolving requirements.

Operational excellence

We take a disciplined approach to performance management, measuring progress against a range of operational metrics and using data intelligence to understand our customer service levels and turnaround times. This approach, alongside a dedicated focus on quality across every site, is crucial to our continuous improvement, underpinning our operational and health and safety excellence, and ultimately ensuring that our customers receive a superior service.

We create a positive atmosphere where our people feel fully engaged in a safe working environment, and this ensures that they are ready to support our clients 24/7.

Our business model

How Intertek is...

Doing business the right way with a systemic approach is the only way to deliver our corporate goals and create sustainable value for all stakeholders.

...well positioned to seize growth

1 Who we are

More on page 19

We are passionate about our purpose and committed to being 'ever better'. Our core strength is our people and sustainability is central to everything we do.

2 What we do

More on page 20

Intertek's unrivalled Total Quality Assurance is delivered consistently with precision, pace and passion. This is what makes us different.

3 Our sectors

More on page 21

We concentrate our capabilities into three attractive growth and high-margin sectors – Products, Trade and Resources.

4 How we do it

More on page 22

We provide industry-leading solutions by building trusted relationships based on listening to our customers and investing in our global network.

5 The value we create

More on page 23

We are a force for good in the world, and our solutions create meaningful and sustainable long-term value for a broad range of stakeholders.

Our business model
Continued

1 Who we are

Doing business the right way.

We are passionate about our purpose. Striving to make the world a better, safer and more sustainable place for all, now and for future generations.

As the world changes, supply chains are rapidly growing in size and complexity, bringing unprecedented levels of risk. As a result, it can become more difficult for businesses to operate safely and sustainably while delivering quality products and services. In these challenging times, companies need a trusted partner, which is why we provide our clients with a unique risk-based approach to Quality Assurance. We call this Total Quality Assurance – and only Intertek offers it.

Our Purpose
Bringing quality, safety and sustainability to life.

Our Vision
To be the world's most trusted partner for Quality Assurance.

Ever better
As a company we are committed to becoming 'ever better' in everything we do. That means more than simply seeking ways to constantly improve our operations for enhanced efficiency and effectiveness. It means we're continuously researching and innovating to improve our services, enabling our 400,000 clients to become 'ever better' too.

Our people, culture and values
Our core strength is, and always will be, our people. Ultimately, it's the way our colleagues combine passion and innovation with customer commitment that does most to set us apart.

Our decentralised operating culture is built around strong values. These values are inspirational and help us to drive sustainable growth for all. They guide our behaviours every single day, underpinning the way we work, guiding decision making and connecting colleagues across the world.

Sustainability is central to everything we do and we demonstrate our commitments and passion to help our clients make a difference, as well as bettering ourselves every day.

Read more in the Sustainability Report on pages 62-171

Our Values

- **We are a global family that values diversity.**
- **We always do the right thing, with precision, pace and passion.**
- **We trust each other and have fun winning together.**
- **We own and shape our future.**
- **We create sustainable growth. For all.**

Our business model
Continued

2 What we do

We bring our clients the benefits of our unique risk-based solution: Total Quality Assurance.

Total Quality Assurance
For more than 130 years, Intertek has been innovating to mitigate risk and bring quality and safety to organisations. From our beginnings, certifying grain cargoes and then testing and ensuring the safety of Thomas Edison's products, we have become a global force for good: the industry leader in quality, safety and now sustainability as well.

The work we do today covers everything from testing toys to inspecting power stations, from certifying vaccines to providing end-to-end Quality Assurance across every aspect of an organisation's operations and supply chain. Our innovation-led, end-to-end Total Quality Assurance ('TQA') value proposition supports our clients 24/7, providing a fully integrated portfolio of Assurance, Testing, Inspection and Certification ('ATIC') services that delivers complete peace of mind across all products, services and operating systems.

But the ATIC solutions we offer go beyond the quality and safety of a corporation's physical components, products and assets. They go to the heart of the reliability of their operating processes and quality management. We call this Total Quality Assurance because it enables our clients to mitigate risk at every stage of their operations.

Our TQA customer promise
To become the most trusted partner for Quality Assurance, we have made a promise to our customers: Intertek Total Quality Assurance experts exceed customer expectations with end-to-end quality, safety and sustainability solutions. This sets us apart. Our clients can rely on the consistent quality and accuracy of our work and the speed of our response, as we deliver rapid and accurate feedback. We back this up with our desire and belief in what we do. Together, this means our clients can operate with total peace of mind and power ahead safely with what matters most to them.

Customer Promise
Total Quality Assurance expertise delivered consistently with precision, pace and passion, enabling our customers to power ahead safely.

Our ATIC services

Assurance
Enabling our customers to identify and mitigate intrinsic risk in their operations, their supply and distribution chains and quality management systems.

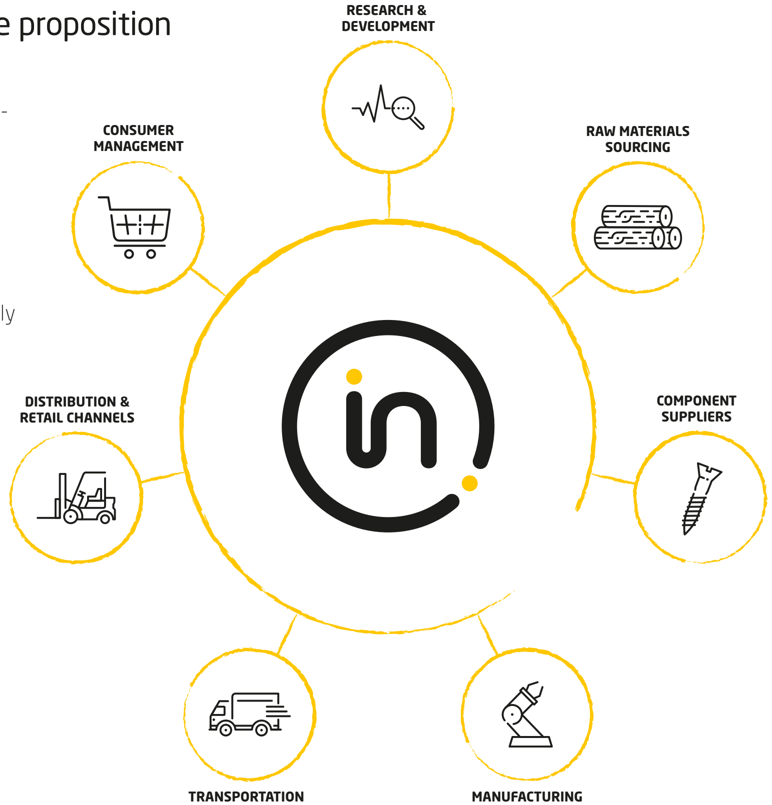
Testing
Evaluating how our customers' products and services meet and exceed quality, safety, sustainability and performance standards.

Inspection
Validating the specifications, value and safety of our customers' raw materials, products and assets.

Certification
Formally confirming that our customers' products and services meet all trusted external and internal standards.

Our TQA value proposition

Intertek's innovation-led, end-to-end Total Quality Assurance ('TQA') proposition helps organisations operate safely, effectively and with complete peace of mind in an increasingly complex world.



Our business model
Continued

3

Our sectors

By focusing on the three sectors of Products, Trade and Resources, we concentrate the full power of our innovation capabilities into these attractive growth and high-margin sectors.

Products

More on page 36

Ensuring the quality and safety of physical components and products, and risk assessment of operating processes and quality management systems.

£1,755m

Revenue
(63% of Group) 4.4% at actual rates 9.1% at constant rates

£400m

Adjusted Operating Profit
(84% of Group)

Structural growth drivers
- Growth in brands, SKUs and e-commerce
- Faster innovation cycle
- Higher demand for healthy and sustainably sourced products
- Increased focus on safety, performance and quality
- Increased demand for smart products
- Emerging markets growing middle class

Trade

More on page 40

Protecting the value and quality of products during custody-transfer, storage and transportation, via analytical assessment, inspection and technical services.

£575m

Revenue
(21% of Group) (2.9%) at actual rates 2.8% at constant rates

£52m

Adjusted Operating Profit
(11% of Group)

Structural growth drivers
- Population growth and social mobility
- GDP growth
- Development of regional trade
- Improvements in transport infrastructure
- Increased need for end-to-end traceability
- Increased focus on Operational Sustainability

Resources

More on page 42

Optimising the use of assets in oil, gas, nuclear and power industries and minimising risk in their supply chains through technical inspection, asset integrity management, analytical testing and ongoing training services.

£456m

Revenue
(16% of Group) (2.5%) at actual rates 1.6% at constant rates

£23m

Adjusted Operating Profit
(5% of Group)

Structural growth drivers
- Population growth and social mobility
- Investment in E&P, storage and transportation
- Total Energy with diversified portfolio
- Accelerated transition to renewable energies
- Increased focus on Operational Sustainability
- Digital supply chain management

Our business model
Continued

4

How we do it

As the world of our customers changes, it is becoming more complex and interconnected with increased risks to quality, safety and sustainability. We help them mitigate risk and grow, building trusted relationships, listening to their needs to develop insight and using meaningful data to create innovative TQA solutions.

Regular customer engagement is an essential factor in this work. Around the world, every month we carry out 6,000 customer interviews through our Net Promoter Score ('NPS') programme, which measures the percentage of customers likely to recommend our services. This is a valuable tool in helping us to understand our customers and deliver superior service at every Intertek site.

With 44,063 employees in our global network, based in more than 100 countries, we keep close to our customers and understand their challenges.

Our global network

1,000+
Laboratories and offices

3,000
Auditors

100,000
Audits

44,063
Employees

100+
Countries

80
Languages

Our business model
Continued

5

The value we create

Our purpose is to bring quality, safety and sustainability to life for an ever better world. Here, we explain how we do this for our stakeholders.

To understand how we engage with our stakeholders, and how the Board oversees that engagement,
please see our Section 172(1) statement on page 55.

Stakeholder types

People

Our experts embody our TQA culture, ensuring the quality, safety and sustainability of products and services used by millions around the world.

Why they are important to us
Our people are our most valuable asset and are critical to our success. Customer-centric and passionate about what they do, they deliver sustainable value through unmatched expertise and quality of work for our customers every day.

How we engage
We try to create a high performance, growth-oriented and caring culture with clear, transparent communication and regular recognition, in which each colleague has a personal growth plan.

How they have benefitted in 2021
- Talent development
- Consistent performance management approach
- Extensive online learning and development material
- Regular Health and Safety updates
- Engaging employee communication channels
- Leadership development events and networking
- Unique online wellbeing resource 'Kindness'

To see more on our People, read page 73 of our Sustainability Report

Customers

We deliver innovative and bespoke Assurance, Testing, Inspection and Certification solutions to our customers for their operations and supply chains.

Why they are important to us
Our customers are at the centre of everything we do, and delivering the highest standards of customer service is crucial to us becoming the world's most trusted TQA partner.

How we engage
We continuously engage and build our relationships with customers, and closely analyse our NPS data.

How they have benefitted in 2021
- Ongoing communication, partnership and 24/7 support
- Physical and virtual delivery of TQA solutions
- Use of digital sales technology and best practice analytics to support our customer teams
- Training and webinars from all business lines, covering all industries
- Fast development of innovative risk-based solutions

To see more on our Customers, read page 80 of our Sustainability Report

Suppliers

Our suppliers provide products and services that help us manage and track the performance in our supply chains.

Why they are important to us
Strong supplier relationships allow us to operate by 'Doing Business the Right Way', and create value for our business, through a better, more resilient, dedicated service, and preferential pricing.

How we engage
We partner with our suppliers to find sustainable ways of using resources efficiently. We carry out regular compliance and risk assessments to build strategic supplier partnerships.

How they have benefitted in 2021
- Ongoing communication and clarity on supplier policies
- Sharing of best practice and learnings, including Covid-19 safety protocols
- Confidential, independent whistleblowing helpline and website
- Supplier performance measurement

To see more on our Suppliers, read page 169 of our Sustainability Report

Our business model
Continued

Communities

We are focused on achieving a positive impact within the communities where we operate, through our indirect economic impacts, supporting local causes and partnering with charities.

Why they are important to us
Our people come from the communities in which we work. It's part of our passion to want to improve our local environment – to be a force for good close to home.

How we engage
Our businesses regularly engage with and contribute to our communities, and many colleagues support local and charitable causes that reflect the diversity of our communities and people.

How they have benefitted in 2021
- BBEB.com platform to inspire positive change in the world
- Partnerships with charities and NGOs
- Focused activities to improve local communities and environments

To see more on our Communities, read page 92 of our Sustainability Report

Investors

Our investor stakeholders include all groups that have an interest in the success and sustainability of our global business.

Why they are important to us
Delivering for our investors drives our ongoing success, enabling us to deliver for all stakeholders in the long term.

How we engage
We engage with existing and potential investors and sell-side analysts through regular trading updates, investor conferences and roadshows throughout the year.

How they have benefitted in 2021
- Stock exchange announcements, including financial results
- Investor roadshows, participation in investor conferences
- Meetings and calls
- Annual general meeting
- Succession planning, Board and Executive appointments
- Annual Report, ESG Reporting Index
- Shareholder information on Intertek.com

For Investor information visit intertek.com/investors

Read more about our employees' perspective on our culture on page 108

Our business model
Continued

The UN SDGs

Long term impacts

The primary contribution of any business comes through providing jobs, sustaining livelihoods, paying taxes and supporting social and economic development.

Beyond this, we can achieve positive and lasting change by considering our impacts, targeting our response and collaborating across sectors to scale positive contributions.

As a Total Quality Assurance provider, we are in a strong position to align with each of the United Nations Sustainable Development Goals ('UN SDGs') through the internal activities we carry out for our people, in our communities and for the environment, as well as through the sustainability services we provide to our customers.

In 2021, we have continued to look at how the UN SDG targets are associated with individual goals and how our activities can help achieve these targets. There continues to be a concentration on the six most relevant SDGs to the Group, with the inclusion of SDG 8 – 'Decent Work and Economic Growth' due to contributions towards economic growth and productivity through our innovations and SDG 3 – 'Good Health and Wellbeing' due to increased importance to our stakeholders.

More on our activities can be found on pages 71-94

Quality Education

We are supporting the goal to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, by building more relationships with educational institutions and providing opportunities for young people to engage with our engineers and scientists. We participate in programmes that ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous people and children in vulnerable situations.

Gender Equality

Improving gender balance is a priority for us. We continue to focus on gender diversity by attracting, developing and retaining more talented women across the business. We have policies, procedures and initiatives in place to support gender diversity throughout Intertek.

Case study

Inspiring the female engineers of tomorrow

'Introduce a Girl to Engineering Day' is a digital initiative from Womengineer, a Swedish non-profit organisation dedicated to increasing the number of women in engineering.

Read more about this initiative on page 79

Climate Action

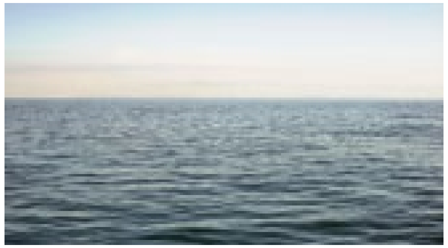
Climate change is one of the greatest threats facing society, but emissions continue to rise. Reducing our own Greenhouse Gas emission is a priority for us, as well as working with our customers to ensure they are resilient to the impacts that a changing climate might bring. Please see our Environmental section for further details of what climate change means to us and the actions we are taking to minimise our impact.

Affordable and Clean Energy

Increasing our energy self-sufficiency improves profitability and energy security. We are assessing our operations for energy and process efficiencies and are investing in solar energy systems, where appropriate, to enable energy diversification. We are also working with clients to deliver their renewable energy products and services.

Case study

Bringing renewable power from Australia to Singapore



Intertek's Energy & Water team is working with Sun Cable, the largest solar energy infrastructure network company in the world, to oversee the quality control and safety of the Australia-Asia PowerLink.

Read more about this on page 85

Decent Work and Economic Growth

Our daily operations provide direct, indirect and induced employment for over 44,000 people across 100 counties. We provide training and development opportunities in safe, secure working environments, graduate and apprentice opportunities, programmes for young people experiencing difficulties securing employment, offer equal opportunities to all and value diversity among our employees.

Good Health and Wellbeing

To ensure healthy lives and promote wellbeing for all at all ages, we have developed programmes that support the good health and wellbeing of the people within our business as well as deliver these programmes for our customers and communities.

Case study

Spreading Kindness around the world

Our colleagues' safety and wellbeing are our #1 strategic priority, so last year we were delighted to launch a new global wellbeing programme called 'Kindness'.

Read more about this on page 74

Key performance indicators

Strong returns on invested capital

Disciplined performance management focused on margin-accretive revenue growth with strong cash conversion and accretive capital allocation to drive strong returns on invested capital.

Definitions to the Key Performance Indicators can be found on page 230

Financial

The Group uses a variety of key performance indicators ('KPIs') to monitor performance and measure the financial impact of the Group's strategy. Where applicable, KPIs are based on adjusted measures in order to provide a meaningful and consistent year-on-year comparison. An explanation and reconciliation of statutory to adjusted performance measures is given on page 32. A glossary of performance measures is provided on page 230.

Non-financial KPIs are shown on pages 28 and 29.

Adjusted actual rates

Adjusted constant rates

Statutory actual rates

2021 Adjusted

2020 Adjusted

Statutory

1. Revenue, adjusted operating profit and ROIC are recalculated using 2020 exchange rates to form the basis for Executive Director remuneration, as described in more detail on page 152.

2. Adjusted operating profit, adjusted operating margin, adjusted cash flow from operations, adjusted free cash flow and adjusted diluted earnings per share are stated before Separately Disclosed Items, which are described on page 32. There is no difference between adjusted and statutory revenue.

3. Dividend per share is based on the interim dividend of 34.2p (2020: 34.2p) plus the proposed final dividend of 71.6p (2020: 71.6p).

4. 2020 ROIC has been prepared using 2021 average exchange rates for adjusted operating profit and adjusted tax, and year-end 2021 exchange rates for invested capital. 2020 ROIC at actual rates was 21.6%.

Key performance indicators
Continued

Revenue[1] (£m)
Revenue growth measures how well the Group is expanding its business and includes currency impacts.

1.6% 6.5%

2021	**2,786**
2020	2,742

Like-for-like revenue (£m)
Revenue growth, including acquisitions following their 12-month anniversary of ownership and excluding the historical contribution of any business disposals/closures excluding acquisitions and disposals.

0.8% 5.6%

2021	**2,744**
2020	2,722

Cash flow from operations[2] (£m)
Shows the ability of the Group to turn profit into cash.

(1.3%) (0.9%)

2021	**679**	**696**
2020	685	705

Operating profit[1,2] (£m)
Measures profitability of the Group and includes currency impacts.

10.8% 15.4% 14.5%

2021	**433**	**474**
2020	378	428

Operating margin[1,2] (%)
Measures profitability as a proportion of revenue.

140bps 130bps 170bps

2021	**15.5**	**17.0**
2020	13.8	15.6

Return on invested capital at constant rates[1,4] (%)
Measures how effectively the Group generates profit from its invested capital.

(340bps) (270bps)

2021	**18.2**
2020	21.6

Diluted earnings per share[2] (pence)
A key measure of value creation for the Board and for shareholders.

11.6% 16.8% 16.7%

2021	**177.9**	**190.8**
2020	152.4	170.9

Dividend per share[3] (pence)
Measures returns provided to shareholders.

Flat

2021	**105.8**
2020	105.8

Adjusted free cash flow[2] (£m)
Shows the ability of the Group to turn profit into cash.

(7.8%)

2021	**401.8**
2020	435.6

Key performance indicators
Continued

Non-financial

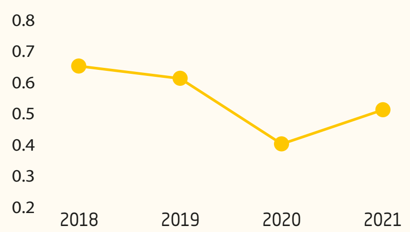
We measure our success by tracking both non-financial and financial key performance indicators that reflect our strategic priorities. This year we have also reviewed the sustainability areas that are most material and relevant to our stakeholders and we have set ourselves targets in those areas that are aligned to our corporate strategy:

Health and safety

Total lost time Incident Frequency Rate
Cases where one of our colleagues is away from work for one or more shifts as a result of a work-related injury or illness.

Why we measure it
A reduction in lost time incidents is an important measure of the effectiveness of our safety culture. It also lowers rates of absenteeism and costs associated with work-related injuries and illnesses.

Total Recordable Incident Rate ('TRIR')



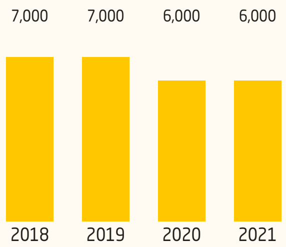
Target
TRIR of less than 0.5 per 200,000 hours worked

Customer satisfaction

Customer focus
Average number of NPS interviews carried out each month.

Why we measure it
Customers are our priority. Since 2015, we have used the Net Promoter Score ('NPS') process to listen to our customers. These insights give us a deep understanding of what our customers need and want, fuelling our innovations.

Average NPS interviews per month



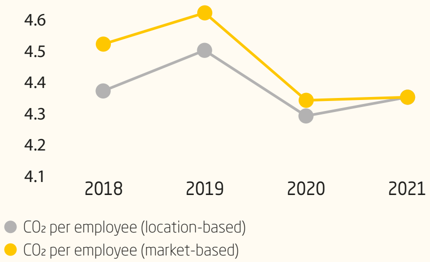
Target
We will continue to aim to conduct at least 6,000 NPS interviews per month.

Environment

Operational emissions intensity ratio
GHG intensity ratio relating to our Scope 1, 2 and Energy-Related Scope 3 emissions per employee.

Why we measure it
We measure our carbon emissions to reduce our impact on the environment and increase operational efficiency. We track both location-based and marked-based Scope 2 emissions.

Operational emissions intensity



Target
Recognising the importance of bold ambitions, we are setting targets to improve environmental performance across our operations, and to clearly demonstrate our commitment we are aligning our business with the most ambitious aim of the Paris Agreement, to limit global temperature rise to 1.5°C above pre-industrial levels and reach net zero by 2050.

Key performance indicators
Continued

Employees

Voluntary permanent employee turnover and employee engagement
Voluntary permanent leavers are employees who choose to leave the Group themselves. This does not include employees on a fixed-term contract.

Intertek ATIC Engagement Index – based on the key drivers of sustainable value creation and which measures engagement on a monthly basis in every operation with the following metrics: Net Promoter Score, Customer Retention, Quality, Voluntary Permanent Employee Turnover and Total Recordable Incident Rate.

Why we measure it
Ensuring employees are engaged is essential to talent retention and we measure and monitor this closely at a global and local level through our voluntary turnover rate.

Employee voluntary turnover

Key financials	2018	2019	2020	2021[1]	Target
Employee voluntary turnover (% of permanent employees)	14.9	13.8	8.7	13.0	<15.0
ATIC Engagement index score			89%	79.9%	90%

Target
We aim to keep our voluntary permanent turnover rate below 15% and increase our Group Engagement Index to 90%.

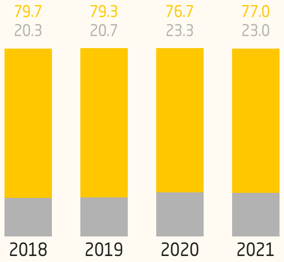
Diversity and Inclusion

Read more about gender balance in our Sustainability Report on page 78

Gender balance
Percentage of women in senior management roles (Leadership Team[2] and their direct reports).

Why we measure it
We promote diversity in all its forms, including gender parity, sexual orientation and disability, as well as having an ethnic and social makeup that reflects broader society. Achieving better gender balance is a driver of progress.

Women in senior management



Target
We aim to increase the proportion of women in senior leadership roles to 30% by 2025.

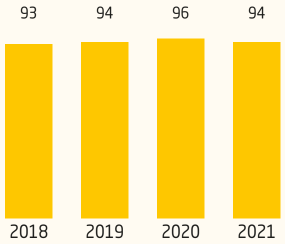
Compliance

Read more about compliance training in Risk management on page 168

Compliance training
Completion of annual compliance training by eligible employees[3] (online or face to face, when available) during the training window.

Why we measure it
Our commitment to the highest standards of integrity and professional ethics is embedded in the Group's culture through the integrity principles set out in our Code of Ethics. Every year, to support continuing understanding in this area, all of our people are required to complete our comprehensive training course.

Training completion by eligible employees



Target
We aim to achieve 100% completion of our annual compliance training by eligible employees.

1. Excludes JLA and SAI Global Assurance.
2. As defined by the FTSE Women Leaders Review (formerly Hampton Alexander review) to allow year-on-year comparison. This comprises the CEO and his direct reports (N-1).
3. Eligible employees include those with access to the '10X Way!' training platform and those receiving compliance training face to face. This includes employees who are on parental or other forms of long-term leave who accordingly do not complete the training in the period of their leave. New joiners complete training throughout the year as part of their induction.

Financial review

Strong progress delivering revenue and margin growth

Jonathan Timmis
Chief Financial Officer

Highlights

£2,786m Revenue up **1.6%** 6.5%	£433m Statutory operating profit up **14.5%** 19.6%
£474m Adjusted operating profit up **10.8%** 15.4%	15.5% Statutory operating margin up **170bps** 170bps
17.0% Adjusted operating margin up **140bps** 130bps	177.9p Statutory diluted EPS up **16.7%** 22.4%
105.8p Dividend per share in line with PY	Negative Working Capital
£402m Adjusted Free Cash Flow down **(7.8%)**	24.4% Organic Return on Invested Capital up **280bps**

• Actual rates
• Constant rates

"We have made strong progress in 2021 across revenue, margin, earnings and cash reflecting the effectiveness of our performance approach and the high quality of our earnings model. Thanks to our cash discipline, we have reduced our negative working capital further and delivered a strong FCF generation."

Consolidated income statement commentary

Total reported Group revenue has increased by 1.6%, with 0.9% growth contributed by acquisitions, a Lfl revenue increase of 5.6% and a decrease of 490bps from foreign exchange, reflecting sterling appreciation against most of the Group's trading currencies.

The Group's like-for-like revenue reflected 7.6% growth in the Products division, 3.0% growth in the Trade division and 1.7% growth in the Resources division at constant rates.

The Group's adjusted operating profit was £473.9m, up 15.4% at constant rates and 10.8% at actual rates. The adjusted operating margin was 17.0%, an increase of 130bps from the prior year at constant rates.

The Group's statutory operating profit after SDIs for the period was £433.2m (2020: £378.2m), up 19.6% at constant rates and statutory margin was 15.5% (2020: 13.8%). The Group's statutory profit for the year after tax was £306.7m (2020: £262.6m).

Net financing costs

Adjusted net financing costs were £28.4m, a decrease of £6.5m on 2020 resulting from a combination of lower interest expense and the impact of foreign exchange rates. This comprised £1.5m (2020: £1.1m) of finance income and £29.9m (2020: £36.0m) of finance expense. Statutory net financing costs of £19.8m included £8.6m income (2020: £0.6m) relating to SDIs.

Tax

The adjusted effective tax rate was 26.5%, an increase of 1.0% on the prior year (2020: 25.5%). The tax charge, including the impact of SDIs, of £106.7m (2020: £81.3m), equates to an effective rate of 25.8% (2020: 23.6%), the increase mainly driven by a prior year credit in 2020. The cash tax on adjusted results was 22.9% (2020: 23.3%).

Financial review
Continued

Results for the year		
Key financials	**2021 £m**	**2020 £m**
Adjusted		
Revenue	**2,786.3**	2,741.7
Operating profit	**473.9**	427.7
Diluted EPS	**190.8**	170.9p
Profit after tax	**327.5**	292.6
Cash flow from operations	**695.8**	705.1
Statutory		
Revenue	**2,786.3**	2,741.7
Operating profit	**433.2**	378.2
Diluted EPS	**177.9**	152.4
Profit after tax	**306.7**	262.6
Cash flow from operations	**679.2**	685.2
Dividend per share	**105.8p**	105.8p
Dividends paid in the year	**170.6**	170.4

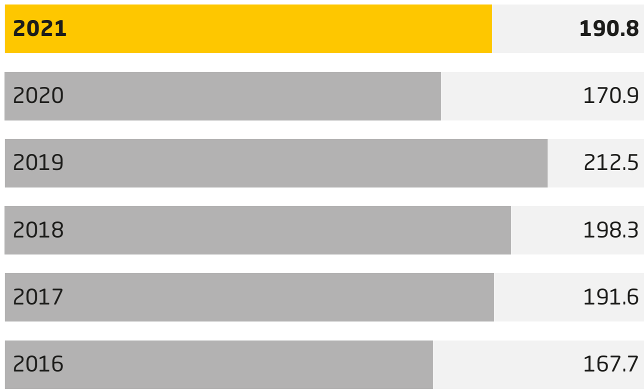
Earnings per share
Adjusted diluted earnings per share ('EPS') at actual exchange rates was 11.6% higher at 190.8p (2020: 170.9p). Diluted EPS after SDIs was 177.9p (2020: 152.4p) per share and basic earnings per share after SDIs was 178.7p (2020: 153.6p).

Dividend
Reflecting the Group's strong cash generation in 2021, the Board recommends a full year dividend of 105.8p per share, in line with prior year.

The full year dividend of 105.8p represents a total cost of £170.6m or 55% of adjusted profit attributable to shareholders of the Group for 2021 (2020: £170.8m and 62%). The dividend is covered 1.8 times by earnings (2020: 1.6 times), based on adjusted diluted earnings per share divided by dividend per share.

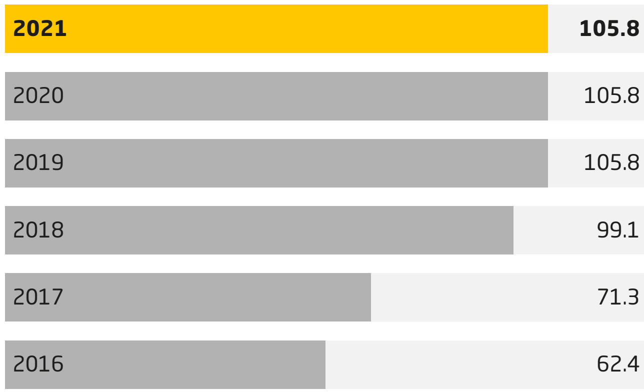
Five-year performance – Adjusted Diluted EPS[1] (pence)

+2.6% CAGR[3]



Dividend per share[2] (pence)

+11.1% CAGR[3]



1. Presentation of results: To provide readers with a clear and consistent presentation of the underlying operating performance of the Group's business, some figures discussed in this review are presented as adjusted, before Separately Disclosed Items (see note 3 to the financial statements). A reconciliation between adjusted and statutory performance measures is set out overleaf. Figures before 1 January 2019 (when IFRS 16 was adopted) are on an IAS 17 basis.
2. Dividend per share for 2021 is based on the interim dividend paid of 34.2p (2020: 34.2p) plus the proposed final dividend of 71.6p (2020: 71.6p).
3. CAGR represents the compound annual growth rate from 2016 to 2021.

The underlying performance of the business, by division, is shown in the table below:

		Revenue			**Adjusted operating profit**		
	Notes	**2021 £m**	**Change at 2021 actual rates %**	**Change at constant rates %**	**2021 £m**	**Change at 2021 actual rates %**	**Change at constant rates %**
Products	2	**1,755.3**	4.4	9.1	**399.7**	13.7	18.0
Trade	2	**575.4**	(2.9)	2.8	**51.6**	9.6	17.3
Resources	2	**455.6**	(2.5)	1.6	**22.6**	(22.1)	(18.7)
Group total		**2,786.3**	1.6	6.5	**473.9**	10.8	15.4
Net financing costs	14				**(28.4)**		
Adjusted profit before income tax					**445.5**	13.4	18.7
Adjusted income tax expense	6				**(118.0)**		
Adjusted profit for the year					**327.5**	11.9	17.1
Adjusted diluted EPS (pence)	7				**190.8**	11.6	16.8

Financial review
Continued

Acquisitions and investment

One of the key corporate goals of the Group's 5x5 strategy is delivering an accretive, disciplined capital-allocation policy.

As a result, the Group invests both organically, and by acquiring or investing in complementary businesses to strengthen our portfolio in the locations demanded by clients. This approach enables the Group to focus on those existing business lines or countries with good growth and margin prospects where we have market-leading positions or to enter new exciting growth areas offering the latest technologies and Quality Assurance services.

Acquisitions

The Group completed two main acquisitions in the year (2020: none) with cash consideration paid of £480.9m (2020: nil), net of cash acquired of £15.8m (2020: nil).

In July 2021, the Group acquired JLA Brasil Laboratório de Análises de Alimentos S.A. ('JLA'), a market-leading independent provider of Food, Agri and Environmental testing solutions based in Brazil. The acquisition of JLA presents a compelling opportunity to enter the fast growing and highly attractive food testing sector in Brazil, which is one of the largest markets globally in terms of agri-food and beverage production value.

In September 2021, the Group acquired SAI Global Assurance ('SAI'), a leading provider of Assurance services, including management systems certification and second party audits across a wide variety of end markets to more than 60,000 customers in c.130 countries. SAI Global Assurance is the market leader in assurance in Australia and has scale positions in US, Canada and the UK and a fast-growing business in China.

The acquisition of SAI Global Assurance will further strengthen Intertek's Assurance offering by providing additional scale, enhanced geographic coverage and new capabilities. Specifically, we will benefit post acquisition from a stronger market position in Australia, the USA, Canada, the UK and China, and an expanded service capability in attractive end-markets.

In 2021, £10.9m (2020: £0.5m) was spent in relation to consideration for prior year acquisitions.

Organic investment

The Group also invested £97.1m (2020: £79.8m) organically in laboratory expansions, new technologies (including software) and equipment and other facilities. This investment represented 3.5% of revenue (2020: 2.9%).

Pensions

The Group's pension moved to a net surplus of £1.4m (2020: £12.1m deficit) driven by periodic updates to our actuarial assumptions.

Separately Disclosed Items ('SDIs')

A number of items are separately disclosed in the financial statements as exclusion of these items provides readers with a clear and consistent presentation of the underlying operating performance of the Group's business. Reconciliations of the statutory to adjusted measures are given below.

When applicable, these SDIs include amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant fixed assets; costs related to acquisition activity; the cost of any fundamental restructuring of a business; material claims and settlements; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.

Adjusted operating profit excludes the amortisation of acquired intangible assets, primarily customer relationships, as we do not believe that the amortisation charge in the income statement provides useful information about the cash costs of running our business as these assets will be supported and maintained by the ongoing marketing and promotional expenditure, which is already reflected in operating costs.

Amortisation of software, however, is included in adjusted operating profit as it is similar in nature to other capital expenditure. In the prior year, costs of restructuring as part of our 5x5 differentiated strategy were excluded from adjusted operating profit. There have been no such costs in 2021. The impairment of goodwill and other assets that by their nature or size are not expected to recur, the profit and loss on disposals of businesses or other significant assets and the costs associated with successful, active or aborted acquisitions are excluded from adjusted operating profit in order to provide useful information regarding the underlying performance of the Group's operations.

The SDIs charge for 2021 comprises amortisation of acquisition intangibles of £29.3m (2020: £28.1m); acquisition and integration costs relating to successful, active or aborted acquisitions of £11.4m (2020: £2.4m); and restructuring costs of £nil (2020: £19.0m).

Further information on SDIs is given in note 3 to the financial statements.

2021 reconciliation of statutory to adjusted performance measures

£m	Statutory	SDIs	Adjusted
Revenue	2,786.3	–	2,786.3
Operating profit	433.2	40.7	473.9
Operating margin (%)	15.5%	1.5%	17.0%
Net financing costs	(19.8)	(8.6)	(28.4)
Income tax expense	(106.7)	(11.3)	(118.0)
Profit for the year	306.7	20.8	327.5
Cash flow from operations	679.2	16.6	695.8
Basic EPS (pence)	178.7p	12.9p	191.6p
Diluted EPS (pence)	177.9p	12.9p	190.8p

2020 reconciliation of statutory to adjusted performance measures

£m	Statutory	SDIs	Adjusted
Revenue	2,741.7	–	2,741.7
Operating profit	378.2	49.5	427.7
Operating margin (%)	13.8%	1.8%	15.6%
Net financing costs	(34.3)	(0.6)	(34.9)
Income tax expense	(81.3)	(18.9)	(100.2)
Profit for the year	262.6	30.0	292.6
Cash flow from operations	685.2	19.9	705.1
Basic EPS (pence)	153.6p	18.6p	172.2p
Diluted EPS (pence)	152.4p	18.5p	170.9p

Financial review
Continued

Key performance indicators

The Group uses a variety of key performance indicators ('KPIs') to monitor the financial performance of the Group and its operating divisions. The specific metrics and associated definitions are disclosed on pages 26 to 27.

Like-for-like revenue at constant currency is presented to show the Group's revenue excluding the effects of the change in the scope of the consolidation (acquisitions following their 12-month anniversary of ownership, and removes the historical contribution of any business disposals/closures) and removing the impact of currency translation from the Group's growth figures.

Like-for-like revenue at constant currency

	2021 £m	2020 £m	Change %
Reported revenue	**2,786.3**	2,741.7	1.6
less: Acquisitions/disposals revenue	**(42.3)**	(20.1)	
Like-for-like revenue	**2,744.0**	2,721.6	0.8
Impact of foreign exchange movements	**-**	(123.4)	
Like-for-like revenue at constant currency	**2,744.0**	2,598.2	5.6

The rate of Return On Invested Capital ('ROIC'), defined as adjusted operating profit less adjusted taxes divided by invested capital, measures the efficiency of Group investments. This is a key measure to assess the efficiency of investment decisions and is also an important criterion in the decision-making process.

ROIC in 2021 of 18.2% compares to 20.9% in the prior year at constant exchange rates (2020: 21.6% at actual exchange rates). The acquisition of SAI Global in September 2021 has resulted in a decline in ROIC given the relative contribution of the acquisition since the acquisition date. Organic ROIC of 24.4% is up 350bps at constant exchange rates.

Return On Invested Capital at constant currency

	2021 £m	2020 £m	Change %
Adjusted operating profit	**473.9**	410.5	15.4
less: Adjusted tax[1]	**(125.5)**	(104.7)	19.9
Adjusted profit after tax	**348.4**	305.8	13.9
Invested capital[2]	**1,912.7**	1,462.7	30.8
ROIC %	**18.2%**	20.9%	(270bps)

1. Calculated by applying the adjusted effective tax rate (2021: 26.5%, 2020: 25.5%) to adjusted operating profit.
2. Net assets excluding tax balances, net financial debt and net pension liabilities.

Cash flow and net debt

Cash flow

The Group relies on a combination of debt and internal cash resources to fund its investment plans. One of the key metrics for measuring the ability of the business to generate cash is cash flow from operations. Due to the cash payments associated with the SDIs, and to provide a complete picture of the underlying performance of the Group, adjusted cash flow from operations is shown below to illustrate the cash generated by the Group:

Cash conversion

	2021 £m	2020 £m	Change %
Cash flow from operations	**679.2**	685.2	(0.9)
add back: Cash flow relating to SDIs	**16.6**	19.9	
Adjusted cash flow from operations	**695.8**	705.1	(1.3)
add back: Special contributions to pension schemes	**2.0**	2.0	–
Repayment of lease liability	**(70.4)**	(72.0)	2.2
Cash flow for cash conversion	**627.4**	635.1	(1.2)
Cash conversion %	**132.4%**	148.5%	(1,610bps)

Free cash flow reconciliation

	2021 £m	2020 £m
Cash flow from operations	**679.2**	685.2
less: Net capital expenditure	**(96.1)**	(72.2)
add back: Interest received	**1.5**	1.1
less: Interest paid	**(27.0)**	(34.8)
less: Income tax paid	**(102.0)**	(91.6)
less: Lease liabilities paid	**(70.4)**	(72.0)
Free cash flow	**385.2**	415.7
add back: SDI cash outflow	**16.6**	19.9
Adjusted free cash flow	**401.8**	435.6

Net debt

The Group ended the period in a strong financial position. Financial net debt was £733.3m, an increase of £313.4m on 31 December 2020, primarily reflecting the acquisition of SAI in September and related financing. The undrawn headroom on the Group's existing committed borrowing facilities at 31 December 2021 was £564.2m (2020: £494.0m).

Total net debt, including the impact of the IFRS 16 lease liability, was £1,025.6m (2020: £644.1m).

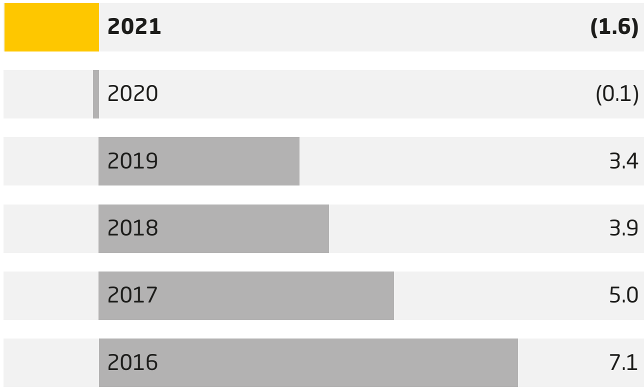
The Group has a well-balanced loan portfolio to enable the funding of future growth opportunities with a maturity profile as shown overleaf.

Financial review
Continued

Working capital
During 2021, we have continued our working capital focus and through disciplined performance management, working capital has reduced from negative £4.0m to negative £43.3m. Working capital has declined to (1.6%) of revenue, reflecting 150bps improvement year-on-year, contributing to continued strong cash conversion.

Five-year trend – Working capital[1] as % of revenue

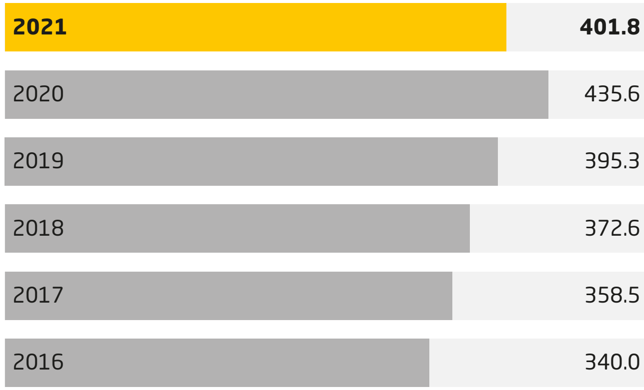
(870)bps



1. Working capital is defined under the statement of financial position within the financial statements.
2. Figures before 1 January 2019 (when IFRS 16 was adopted) are on an IAS 17 basis.

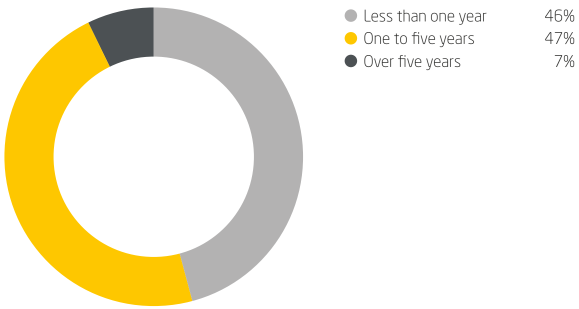
Adjusted free cash flow (£m)

3.4% CAGR[1]



1. CAGR represents the compound annual growth rate from 2016 to 2021.

Borrowings by maturity profile
(At 31 December 2021)



Under existing facilities, the Group has available debt headroom of £564.2m at 31 December 2021. The components of net debt at 31 December 2021 are outlined below:

	1 January 2021 £m	Cash and non-cash movements £m	Exchange adjustments £m	31 December 2021 £m
Cash[1]	183.4	86.6	(6.0)	264.0
Borrowings[2]	(603.3)	(395.8)	1.8	(997.3)
Financial net debt	(419.9)	(309.2)	(4.2)	(733.3)
Lease liabilities[2]	(224.2)	(72.0)	3.9	(292.3)
Net debt	(644.1)	(381.2)	(0.3)	(1,025.6)

1. As disclosed in note 14, cash includes cash and cash equivalents less overdrafts.
2. Borrowings include £3.1m of non-cash movements related to amortisation of facility fees (see note 14 of the financial statements). Lease liabilities include £142.4m of non-cash movements.

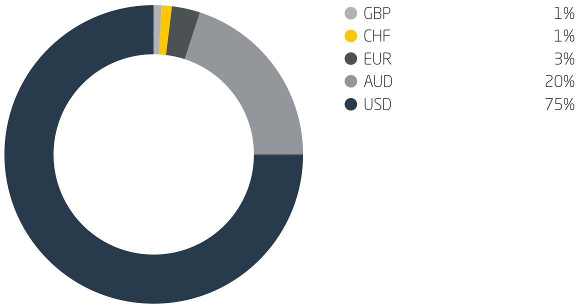
Financial review
Continued

To ensure the Group is not exposed to income statement volatility in relation to foreign currency translation on its debt, the Group ensures that any foreign currency borrowings are matched to the value of its overseas assets in that currency (an 'effective' hedge).

The Group borrows primarily in US dollars and any currency translation exposures on the borrowings are offset by the currency translation on the US dollar and US dollar-related overseas assets of the Group.

The composition of the Group's gross borrowings in 2021, analysed by currency, is as follows:

Borrowings by currency
(At 31 December 2021)



Foreign currency movements
The Group transacts in over 80 currencies across more than 100 countries, and revenue and profit are impacted by currency fluctuations. However, the diversification of the Group's revenue base provides a partial dilution to this exposure.

At constant rates, revenue grew 6.5% (actual rates 1.6%) and adjusted operating profit grew 15.4% (actual rates 10.8%).

The exchange rates used to translate the statement of financial position and the income statement into the Group's functional currency, sterling, for the five most material currencies used in the Group are shown below:

	Statement of financial position rates		Income statement rates	
Value of £1	2021	2020	2021	2020
US dollar	**1.35**	1.35	**1.38**	1.28
Euro	**1.19**	1.10	**1.16**	1.13
Chinese renminbi	**8.59**	8.81	**8.89**	8.88
Hong Kong dollar	**10.52**	10.47	**10.70**	9.96
Australian dollar	**1.86**	1.78	**1.83**	1.87

Significant accounting policies
The consolidated financial statements are prepared in accordance with IFRS as adopted by the UK. Details of the Group's significant accounting policies are shown in note 1 to the financial statements.

Jonathan Timmis
Chief Financial Officer

Operating review

Products

Strong revenue, operating profit and margin

£1,755.3m
Revenue

£399.7m
Adjusted operating profit

£365.4m
Statutory operating profit

Intertek Value Proposition

Our Products-related businesses consist of business lines that are focused on ensuring the quality and safety of physical components and products, as well as minimising risk through assessing the operating processes and quality management systems of our customers.

As a trusted partner to the world's leading retailers, manufacturers and distributors, the division supports a wide range of industries including textiles, footwear, toys, hardlines, home appliances, consumer electronics, information and communication technology, automotive, aerospace, lighting, building products, industrial and renewable energy products, food and hospitality, healthcare and beauty, and pharmaceuticals.

Across these industries we provide a wide range of ATIC services including: laboratory safety; quality and performance testing; second-party supplier auditing; sustainability analysis; product assurance; vendor compliance; process performance analysis; facility plant and equipment verification; and third-party certification.

Strategy

Our Total Quality Assurance ('TQA') value proposition provides a systemic approach to support the Quality Assurance efforts of our Products-related customers in each of the areas of their operations. To do this we leverage our global network of accredited facilities and world-leading technical experts to help our clients meet high-quality safety, regulatory and brand standards, develop new products, materials and technologies and ultimately assist them in getting their products to market quicker, in order to continually meet evolving consumer demands.

2021 performance

Our Products business delivered a strong performance in 2021 with revenue, operating profit and margin ahead of 2019.

Revenue of £1,755.3m was up 9.1% at constant rates and 4.4% at actual rates. We delivered an adjusted operating profit of £399.7m up 18.0% at constant rates and 13.7% at actual rates. Our adjusted operating margin of 22.8% was up 180 basis points at constant rates and up 190 basis points at actual rates.

Business lines

Softlines

Providing a range of solutions for textiles, garments, footwear and personal protective equipment

Our role: Our solutions enable fashion retailers, brands and manufacturers to gatekeep regulatory compliance, while continuously improving their product performance in terms of quality, safety and sustainability.

Hardlines

Comprehensive solutions for a wide variety of Toys and Hardgoods

Our role: Solutions for toys, children's and juvenile products, household products, furniture, and office supplies. We help our customers meet regulatory and retailer-specific requirements, improve product performance and differentiation through benchmarking, and facilitate global market access.

Electrical & Connected World

Helping clients meet safety, performance, environmental and quality requirements and delivering best-in-class networking and cyber security solutions for today's wireless and connected devices

Our role: We bring more than 100 years of product testing and certification expertise to a wide range of industries, such as Medical, Lighting, Energy, Appliances & Electronics, Industrial Equipment, and IT & Telecom Equipment. We also provide comprehensive hardware, software, and cyber security solutions to help clients rapidly launch secure and reliable products in each industry and sector around the world.

Business Assurance

Providing a full range of business process audit and support solutions

Our role: We enable our clients to improve their operations, meet regulatory requirements, mitigate business risks, reduce their environmental impact, qualify their suppliers, and help them achieve their business objectives.

Transportation Technologies

Providing diverse, rapid testing and validation services to the transportation industry

Our role: Our Transportation Technologies expertise is recognised by leading manufacturers worldwide. We evaluate everything from automobiles and energy storage to airplanes, and deliver top-tier testing for emerging markets, such as autonomous and electric/hybrid vehicles.

Food

Providing testing, inspection, auditing, certification and advisory services to food companies

Our role: We help major global brands to launch new food products, support food health initiatives, ensure safety and quality across the supply chain, help reduce food-borne diseases, and enable developing nations to increase their global food exports.

Chemicals & Pharma

Enabling clients' product development, regulatory authorisation and production

Our role: Our analytical and assurance solutions accelerate product development and mitigate risks associated with product quality and safety, processes, and supply chains for the pharmaceutical, chemical, polymer, packaging, medical device, and cosmetic sectors.

Building & Construction

Providing testing, inspection, certification and engineering services to the construction industry

Our role: We offer a full-suite of product-related testing and certification capabilities, plus project-related assurance, testing, inspection, and consulting services that are unparalleled in the building and construction market.

Operating review
Continued

- In H2 2021 our Softlines business delivered a mid-single digit LfL revenue growth, resulting in a double-digit growth in LfL revenue in 2021. Our global Softlines business benefitted from continuous growth in e-commerce, increased demand for testing protective equipment and the reduction in the lockdown activities in some of our markets while we continue to see store closures in Western Europe and North America.
- Our Hardlines business delivered a high-single digit LfL revenue growth in H2 2021, resulting in a double-digit growth in LfL revenue in 2021. Our Hardlines business benefitted from continuous growth in e-commerce, increased consumer demand for home furniture and toys as well as from the reduction in the lockdown activities in some of our markets, while closures of stores in Western Europe and North America continued.
- Our Electrical & Connected World business delivered mid-single digit LfL revenue growth in the second half to register high-single digit LfL revenue growth for the year benefitting from increased ATIC activities driven by greater regulatory standards in energy efficiency, the higher demand for testing and certification of medical devices, the increased testing requirements for 5G and greater corporate focus on cyber security.
- Our Business Assurance business delivered a high-single digit LfL revenue growth in H2 2021 resulting in double-digit LfL revenue growth in 2021. The reduction of lockdown activities has driven a rebound in the number of ISO audits in some of our operations, while we continue to benefit from the attractive growth in supply chain assurance, the continuous focus on ethical supply, the increased needs of corporations for sustainability assurance and the strong growth in our People Assurance segment.
- Our Building & Construction business delivered a low-single digit revenue in H2 2021, resulting in a stable LfL revenue in 2021. We continue to benefit from the growing demand for more environmentally friendly and higher quality buildings while large infrastructure projects continue to be below last year.
- Our Transportation Technology business delivered a mid-single digit LfL revenue growth in H2 2021, resulting in low-single digit negative LfL revenue. Following the lower demand for testing activities we saw in Western Europe and North America in H1, we started to see in H2 increased investments of our clients in new powertrains to lower CO_2/NOx emissions and increase fuel efficiency.
- Our Food business delivered a high-single digit LfL revenue growth in H2 2021 resulting in a double-digit LfL revenue growth in 2021. We are benefitting from the resumption of the supply operations from our clients in most markets, from the sustained demand for food safety testing activities and the increased demand for hygiene and safety audits in factories.
- In H2 2021, we saw double-digit LfL revenue growth in our Chemical & Pharma business, resulting in double-digit LfL growth in revenue in 2021. We benefitted from an improvement of demand for regulatory assurance and chemical testing in some of our operations in North America and Western Europe and from the increased R&D investments of the pharma industry.

Financial highlights 2021

	2021 £m	2020 £m	Change at actual rates	Change at constant rates
Revenue	**1,755.3**	1,681.6	4.4%	9.1%
Like-for-like revenue	**1,713.4**	1,663.6	3.0%	7.6%
Adjusted operating profit	**399.7**	351.6	13.7%	18.0%
Adjusted operating margin	**22.8%**	20.9%	190bps	180bps
Statutory operating profit	**365.4**	319.5	14.4%	
Statutory operating margin	**20.8%**	19.0%	180bps	

2022 outlook
In 2022, we expect our Products division to deliver robust LfL revenue growth at constant currency.

Mid- to long-term growth outlook
Our Products division will benefit from mid- to long-term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, the growing demand for quality and sustainability from developed and emerging economies, the acceleration of e-commerce as a sales channel, and the increased corporate focus on risk.

"Our TQA value proposition provides a systemic approach to support the Quality Assurance efforts of our Products-related customers in each of the areas of their operations."

Operating review
Continued

Innovation

We continue to invest in innovation to deliver a superior customer service in our Products-related businesses.

Inlight 2.0

intertek inlight

What it is: First launched in 2017, Intertek Inlight™ provides the technology and expertise which enables organisations to better understand their supply chain risks and protect their brand. With the integration of Intertek's Wisetail solution, a dynamic online learning platform, Inlight 2.0 adds new and enhanced analytical improvement to its market-leading supply chain compliance solution, offering organisations enhanced analytics to meet the needs of the evolving complexity of the global supply chain, allowing for increased product advancements, adaptive planning and continual improvement. Inlight 2.0 alongside Wisetail allows organisations to make real-time supplier decisions and drive vendor training based on corrective action plan outputs.

Customer benefit: Inlight 2.0 is a cost-effective solution for global companies who require trusted information about the identities, capabilities and compliance of their supplier partners. Inlight 2.0 allows users more flexibility and customisation in their unique supply chain programmes, including live dashboards of their suppliers' performance, trends, risks and opportunities, as well as training.

Protek

Clean air and healthy indoor environments

intertek protek

What it is: Protek Facility Health Management takes a comprehensive, practical, and customised approach to the design and operation of indoor environments. Our services include the assessment of unique risks and opportunities, plus efficacy and validation testing that gives confidence to both our customers and their stakeholders.

Customer benefit: With raised awareness of the indoor environmental quality due to the Covid-19 pandemic, and organisations' needs to protect their people, our science-based approach helps our customers reduce the risks of pathogen transmission and enhance their buildings' air quality. The bespoke solutions we provide enable health and wellness enhancements across their facilities, mitigate risk, and increase employee and customer comfort and loyalty.

SourceClear

Visibility and traceability across the supply chain

intertek source clear

What it is: Intertek SourceClear™ helps organisations track sustainable material claims throughout all stages of trade and production in their supply chain. Our experts provide independent certification of facilities and materials claims and manage the end-to-end process for scope and transaction certificates against Textile Exchange standards including the Recycled Claim Standard, Global Recycled Standard and Organic Content Standard; as well as the Global Organic Textile Standard, the world's leading processing standard for organic fibre textiles.

Customer benefit: Brands and retailers can confidently demonstrate sustainability commitments through the independent certification of material claims and accurate labelling of products. SourceClear™ enables transparency and assurance that organisations are taking proactive measures to be more sustainable, through responsible sourcing of preferred raw materials that minimise environmental impacts and promote environmental and social good practices in the value chain.

Operating review
Continued

Transportation Technologies

Accelerating to net zero with new Electric Vehicle Testing Centre of Excellence

What it is: As we accelerate at a rapid pace into a more sustainable future, the automotive industry has a critical role to play in the energy transition the world needs. Our new award-winning*, state-of-the-art Electric Vehicle Centre of Excellence, opened in November 2021 in Milton Keynes, UK, offers leading automotive manufacturers a unique technology, innovation and experience centre with industry-leading, end-to-end Assurance, Testing, Inspection and Certification ('ATIC') services that are purpose-built for the global transition to zero emission vehicles.

Customer benefit: Electric Vehicles offer huge opportunities as part of the 'Green Revolution' for jobs and growth, cleaner air, improved public health and enhanced mobility solutions. At our new facility, clients will be able to access world-class technical expertise, pioneering innovation and leading services in one location – meeting their increasing need for fast, bespoke, expert testing services and rapid results that will help them address the effects of climate change.

*Intertek and the new centre were awarded Automotive Testing Technology International's prestigious Automotive Testing Company of the Year prize and Engine Testing Facility of the Year, with both awards presented at our opening ceremony by the publication's editor.

> "Providing industry-leading, end-to-end ATIC services that are purpose-built to support the global transition to zero emission vehicles."

Intertek Cristal AccessCheck
Meeting the accessibility needs of the disabled community

What it is: As global leaders in systems and services for brand quality, standards management and related risk management, Intertek Cristal launched AccessCheck – an assessment protocol which provides independent verification of the degree to which hotels, restaurants, and other participants in the travel, tourism, and hospitality industry meet the accessibility needs of those living with disabilities.

Customer benefit: Our team of experts help clients strengthen their brand by ensuring consistency of quality, standards and risk management in everything they do. AccessCheck ensures that clients have a detailed policy in place to address the issues relating to disabled access.

That means making sure all areas of their buildings are accessible, that entry points and reception areas are welcoming for guests with a disability, and that suitable facilities for all guests are available. Through the programme, we also evaluate all aspects of our clients' building designs, advise on the safe evacuation of guests with specific disabilities, and offer disability awareness training.

> "AccessCheck ensures that clients have a detailed policy in place to address issues relating to disabled access."

Operating review
Continued

Trade

Good performance with revenue acceleration in H2

£575.4m
Revenue

£50.2m
Statutory operating profit

£51.6m
Adjusted operating profit

Intertek Value Proposition

Our Trade division consists of three global business lines with differing services and customers, but similar mid- to long-term structural growth drivers.

Our Caleb Brett business provides cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum and biofuels industries.

Government & Trade Services ('GTS') provides inspection services to governments and regulatory bodies to support trade activities that help the flow of goods across borders, predominantly in the Middle East, Africa and South America.

Our AgriWorld business provides analytical and testing services to global agricultural trading companies and growers.

Strategy

Our Total Quality Assurance value proposition assists our Trade-related customers in protecting the value and quality of their products during their custody-transfer, storage and transportation, globally, 24/7.

Our expertise, service innovations and advanced analytical capabilities allow us to optimise the return on our customers' cargoes and help them resolve difficult technical challenges.

Our independent product assessments provide peace of mind to our government clients that the quality of products imported into the country meet their standards and import processes.

2021 performance

Our Trade business delivered a good performance in revenue, operating profit and margin with a revenue LfL acceleration in H2.

Revenue of £575.4m was up 2.8% at constant rates and down 2.9% at actual rates. We delivered an adjusted operating profit of £51.6m up 17.3% at constant rates and 9.6% at actual rates. Our adjusted operating margin of 9.0% was up 110 basis points at constant rates and up 110 basis points at actual rates.

- Our Caleb Brett business, the global leader in the Crude Oil and refined Products global trading markets, benefitted from an improved momentum driven by an increase in global mobility in H2 2021 with a mid-single digit growth in LfL revenue, resulting in low-single digit LfL revenue in 2021.
- Our Government & Trade Services business provides certification services to governments in the Middle East and Africa to facilitate the import of goods in their markets, based on acceptable quality and safety standards. We saw low-single digit negative LfL revenue in H2 2021, resulting in a low-single digit LfL revenue growth in 2021.
- Our AgriWorld business delivered double-digit LfL revenue growth in H2 2021 resulting in double-digit LfL revenue growth in 2021. We continue to benefit from an increase in demand for inspection activities driven by the strong growth in the global food industry. AgriWorld provides inspection activities to ensure that the global food supply chain operates fully and safely.

2022 outlook

In 2022, we expect our Trade division to deliver robust LfL revenue growth at constant currency.

Mid- to long-term growth outlook

Our Trade division will continue to benefit from both regional and global trade-flow growth, as well as the increased customer focus on quality, quantity controls and supply chain risk management.

Business lines

Caleb Brett

Specialised cargo inspection and analytical assessment services to the oil and gas, chemical and other commodities markets.

Our role: We offer global 24/7/365 services covering cargo and inventory inspection services, analytical assessment, calibration and related research and technical services to the world's petroleum and biofuels industries.

Government & Trade Services

Providing conformity assessment services to governments, regulatory bodies, exporters and importers to support trade compliance

Our role: We support governments, customs authorities, exporters and importers by ensuring imported goods comply with international safety and quality standards. Our worldwide network of offices delivers rapid inspection and certification.

AgriWorld

Providing assurance, testing, inspection and certification services across the entire agricultural supply chain.

Our role: We offer an extensive array of services including inspection services, monitoring the quality and quantity of cargo from source to destination; high-quality analysis for the Agri-biotech and breeding industries and assurance services supporting sustainable farming practices. Our global experts offer seamless support, and provide traceability throughout the entire supply chain.

Financial highlights 2021

	2021 £m	2020 £m	Change at actual rates	Change at constant rates
Revenue	**575.4**	592.6	(2.9%)	2.8%
Like-for-like revenue	**575.0**	591.1	(2.7%)	3.0%
Adjusted operating profit	**51.6**	47.1	9.6%	17.3%
Adjusted operating margin	**9.0%**	7.9%	110bps	110bps
Statutory operating profit	**50.2**	42.1	19.2%	
Statutory operating margin	**8.7%**	7.1%	160bps	

Operating review
Continued

Innovation

We continue to invest in innovation to deliver a superior customer service in our Trade-related businesses:

Fast-Tek

What it is: Intertek's Fast-Tek is a customised global trade solution that delivers expedited certification of shipments to get trade moving faster. It offers an enhanced Total Quality Assurance experience – as our in-house labs and inspectors support our customers with Fast-Tek registration, expediting the inspection and certification process without compromising compliance or quality, and streamlining their administrative processes while minimising complexity.

Customer benefit: Fast-Tek enables our clients to move their goods through their supply chains more quickly, and can help to reduce overheads, both in the administrative burden and the associated costs of certification. Our global Fast-Tek customers are also provided with a dedicated key account manager who ensures that their operations run smoothly and efficiently at all times and can tailor bespoke solutions to meet their specific shipping needs. This has proved invaluable to our key customers in the current market where fast turnaround times and flexibility are critical.

Enhancing transparency and traceability for the Rice Exchange

What it is: Intertek AgriWorld has agreed a new service partnership with the Rice Exchange, the blockchain enabled digital platform that connects buyers and sellers of rice across continents, adding trust and lowering risk for all parties involved. The partnership demonstrates our commitment to the rice industry and means that Intertek is now available to all Rice Exchange customers to provide inspection services in relation to their rice trades undertaken on the platform.

Customer benefit: Rice Exchange users who rely on Intertek's services benefit from total transparency of transactional quality of rice inspected along the entire value chain. Alongside inspection, customers are able to select from our full range of services, ensuring Total Quality Assurance and thus mitigating risks of rejection at final sales stage. The platform allows engagement from farmer/producer through to the end buyer, a global view of the value chain which previously was limited to larger international traders only. This not only permits direct engagement with all stakeholders but also empowers the farmers/producers by affording them the opportunity to sell at market related rates.

Tradeable ground-level trade support and expertise

What it is: Intertek Tradeable provides trade support and expertise to deliver a comprehensive portfolio of pre-shipment solutions that enable the validation of suppliers or manufacturers, as well as production, shipment and goods handling processes. Our solutions facilitate risk mitigation right across the international supply chain, and we can tailor bespoke packages to meet our customers' specific requirements.

Customer benefit: Tradeable helps our customers protect their reputation and brand, enhances their quality control throughout the production process, minimises shipment delays and reduces the need for re-work, which empowers them to manage their supply chain risks better. We deliver the ground-level trade support and expertise they need to trade with confidence in an ever more complex and challenging trading environment.

Operating review
Continued

Resources

Solid revenue performance

£455.6m
Revenue

£22.6m
Adjusted operating profit

£17.6m
Statutory operating profit

Intertek Value Proposition

Our Resources division consists of two business lines with similar mid- to long-term structural growth drivers.

Industry Services uses in-depth knowledge of the oil, gas, nuclear and power industries to provide a diverse range of Total Quality Assurance solutions to optimise the use of customers' assets and minimise the risk in their supply chains. Some of our key services include technical inspection, asset integrity management, analytical testing and ongoing training services. Our Minerals business provides a broad range of ATIC service solutions to the mining and minerals exploration industries, covering the resource supply chain from exploration and resource development, through to production, shipping and commercial settlement.

Strategy

Our Total Quality Assurance value proposition allows us to help customers gain peace of mind that their projects will proceed on time and their assets will continue to operate with a lower risk of technical failure or delay. Our broad range of services allows us to assist clients in protecting the quantity and quality of their mined and drilled products, improve safety and reduce commercial risk in the trading environment.

2021 performance

Our Resources division delivered a solid revenue performance with a LfL revenue acceleration in H2.

Revenue of £455.6m was up 1.6% at constant rates and down 2.5% at actual rates. We delivered an adjusted operating profit of £22.6m down 18.7% at constant rates and 22.1% at actual rates. Our adjusted operating margin of 5.0% was down by 120 basis points at constant rates and 120 basis points at actual rates.

- In our Exploration and Production operations, our Capex Inspection services business delivered stable LfL revenue in H2 2021, resulting in a low-single digit negative LfL revenue in 2021.
- We delivered a mid-single digit LfL revenue growth in Opex Maintenance services in H2 2021, resulting in a low-single digit LfL revenue growth in 2021.
- We delivered double-digit LfL revenue growth in our Minerals business in H2 2021 resulting in high-single digit LfL revenue growth in 2021, as we saw increased demand for testing and inspection activities.

2022 outlook

We expect our Resources related businesses to deliver a good LfL revenue performance at constant currency.

Mid- to long-term growth outlook

Our Resources division will grow in the mid- to long-term as we benefit from investments in Energy, to meet the demands of the growing population around the world.

Business lines

Industry Services

Ensuring the safe and optimised use of customers' assets and minimising quality risks in their supply chains

Our role: Our Industry Services business line uses its in-depth knowledge of industries such as renewable energy, oil and gas, and petrochemical to provide customers with a diverse and technologically advanced range of Total Quality Assurance solutions. The services we offer include technical inspection, non-destructive and materials testing, and asset performance management.

Minerals

Providing a wide range of services to the mining and minerals exploration industry

Our role: Located in key mining locations across the globe, and operating an extensive network of mineral laboratories, Intertek Minerals offers expert inspection, analytical testing and advisory services to the Minerals, Exploration, Ore and Mining industries. We cover each step of the supply chain from exploration, production, sampling and inspection, to commercial trade settlement analysis.

Financial highlights 2021

	2021 £m	2020 £m	Change at actual rates	Change at constant rates
Revenue	**455.6**	467.5	(2.5%)	1.6%
Like-for-like revenue	**455.6**	466.9	(2.4%)	1.7%
Adjusted operating profit	**22.6**	29.0	(22.1%)	(18.7%)
Adjusted operating margin	**5.0%**	6.2%	(120bps)	(120bps)
Statutory operating profit	**17.6**	16.6	6.0%	
Statutory operating margin	**3.9%**	3.6%	30bps	

Operating review
Continued

Innovation

We continue to invest in innovation to deliver a superior customer service in our Resources-related businesses:

RiskAware

intertek riskAware

What it is: With Intertek RiskAware's analytical approach to risk-based and QA/QC inspection data, we help our customers minimise their total cost of quality by avoiding costly and disruptive delays, incurring significant rework costs, or experiencing non-compliance issues. Our secure cloud-based solution identifies quality and safety risks, which helps companies optimise their inspection programme.

Customer benefit: By using risk-based data analytics to pin-point risky areas within their inspection programme, our customers can optimise their supply chain strategy. Risks such as component failure, delayed production opportunity costs, and project cost escalation due to delays caused by the late arrival of equipment, can all be mitigated through robust and proactive quality control programmes. This is complemented by the vendor surveillance activities we offer and overall assessment and monitoring of the supply chain.

WindAware

intertek windaware

What it is: Managing the life of a wind turbine generator is a constant challenge. Operators need a tool that provides organised, readily available integrity data. Intertek developed WindAware, a cloud-based software solution to help owners and operators manage their asset and Operations & Maintenance ('OM') data, maintain reliability and safety, and minimise costly equipment failures.

Customer benefit: WindAware allows users to efficiently track, trend and report components' inspection, service, repair, replacement, and failure history, from construction to decommissioning. Utilising this information, gathered via a mobile device, helps wind farm owners make fast cost-effective real-time decisions, optimising asset performance and life, and reducing risk.

New state-of-the-art Minerals Global Centre of Excellence in Perth, Australia

20,000m²
Multi Service lab

500
Intertek experts

2.5m
samples for our customers per year

What it is: Our new Minerals Global Centre of Excellence, located in Perth, Western Australia, is a key global centre for the minerals and mining industry. It is the largest and most technologically advanced Intertek Minerals laboratory in the world, and consolidates the Perth operations into a 20,000m², multi-service facility. With more than 500 Intertek colleagues, powered by the latest pioneering technology, it delivers a broad range of Assurance, Testing, Inspection and Certification ('ATIC') services to the industry.

Customer benefit: Sustainability is mission critical to the future of our mining industry. Responsibly sourced minerals today will form the building blocks of a cleaner, greener, more sustainable tomorrow. Our new facility was established to support customers across the minerals supply chain by providing innovative and sustainable solutions.

With the expansion of our laboratories, increased instrumentation and new robotic automated systems, we now have the capability to analyse over 2.5 million samples for our customers per year.

Principal risks and uncertainties

Assessing and managing our risks

This section sets out a description of the principal risks and uncertainties that could have a material adverse effect on the Group's strategy, performance, results, financial condition and reputation.

Risk framework
The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. This work is complemented by the Group Risk Committee, whose purpose is to manage, assess and promote the continuous improvement of the Group's risk management, controls and assurance systems.

This risk governance framework is described in more detail in the Directors' report on pages 98 to 166.

The Group Audit Director and the Group General Counsel, who report to the Chief Financial Officer and Chief Executive Officer respectively, have accountability for reporting the key risks that the Group faces, the controls and assurance processes in place and any mitigating actions or controls. Both roles report to the Audit Committee, attend its meetings and meet with individual members each year as required.

Risks are formally identified and recorded in a risk register which is owned by each of the Group's divisional, regional and functional risk committees. Risk registers are updated throughout the year by these risk committees and are used to plan the Group's internal audit and risk strategy.

In addition to the risk registers, all senior executives and their direct reports are required to complete an annual return to confirm that management controls have been effectively applied during the year. The return covers Sales, Operations, IT, Finance and People.

Principal risks
The Group is affected by a number of risk factors, some of which, including macroeconomic and industry-specific cyclical risks, are largely outside the Group's control. Some risks are particular to Intertek's operations. The principal risks of which the Group is aware are detailed on the following pages, including a commentary on how the Group mitigates these risks. These risks and uncertainties do not appear in any particular order of potential materiality or probability of occurrence.

There may be other risks that are currently unknown or regarded as immaterial which could turn out to be material. Any of these risks could have the potential to impact the performance of the Group, its assets, liquidity, capital resources and its reputation.

Changes to principal risks
Our principal risks continue to evolve in response to our changing risk environment.

This year, based on our current assessment of its materiality, we have included three new principal risks: macro-economic risk, reflecting an increase in global economic and fiscal uncertainty caused by Covid-19; contracting risk, reflecting an increased focus on customer contract terms and supplier resilience; and sustainability risk, which is the risk of extreme weather events having an impact on our and our customers' operations. We have also removed third-party relations as we no longer believe this is a principal risk to the Group.

Long-term viability statement
In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a five-year period to 31 December 2026, by carrying out a robust assessment of the potential impact of the principal risks and uncertainties on the Group's current position, including those that would threaten the Group's business model, future performance, solvency or liquidity. This is documented on the following pages.

The Directors have determined that a five-year period is an appropriate period over which to provide the viability statement of the Group, as the Group's strategic review covers a five-year period.

Principal risks and uncertainties
Continued

Furthermore, the Directors believe the five-year period appropriately reflects the average business cycles of the business lines in which the Group operates, particularly in relation to capital expenditure investment horizons. In modelling the viability scenario, we have made the assumption that we will be able to refinance external debt and renew committed facilities as they become due.

In addition to the bottom-up strategic review process where the prospects of each business line are reviewed, an assessment has been made of the potential operational and financial impacts on the Group of the principal risks and uncertainties outlined in the following pages. The Directors have also assessed certain combinations of these principal risks and uncertainties in a number of severe, but plausible, scenarios, as well as the effectiveness of any mitigating actions as set out in the table opposite. The Directors have assessed climate change will not have a meaningful impact on the viability of the Group over the five-year period to 31 December 2026.

The Group has a broad customer base across its multiple business lines and in its different geographic regions, and is supported by a robust balance sheet and strong operational cash flows. The Board considers that the diverse nature of business lines and geographies in which the Group operates significantly mitigates the impact that any of these scenarios might have on the Group's viability.

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2026. The statement on going concern is in the Directors' report on page 131.

Scenario	Associated principal risks	Description
Regulatory environment change	– Industry and competitive landscape – Customer service – Regulatory and political landscape – People retention – Reputation – Covid-19	Failure to identify, understand and respond to regulatory or political changes results in loss of revenue, profitability, market share and/or adversely changes the competitive landscape.
Customer service issue	– Industry and competitive landscape – Customer service – Business ethics – People retention – Reputation – Covid-19	Failure to respond/adapt to a customer service issue leads to a loss of key customers and detrimentally impacts reputation.
Ethical and/or quality breach	– Business ethics – People retention – Financial risk – Health, safety and wellbeing – Reputation – Covid-19	An ethical and/or quality breach leads to litigation (including significant fines and debarment from certain territories/activities), reputational damage, loss of accreditation and erosion of customer confidence.
IT systems breach	– Customer service – People retention – IT systems and data security – Reputation – Covid-19	A serious data security/IT systems breach results in a significant financial penalty and a loss of reputation among customers.

Principal risks and uncertainties
Continued

Operational

1 Reputation

Reputation is key to the Group maintaining and growing its business. Reputation risk can occur in a number of ways: directly as the result of the actions of the Group or a Group company itself; indirectly due to the actions of an employee or employees; or through the actions of other parties, such as joint venture partners, suppliers, customers or other industry participants.

Possible impact

- Failure to meet financial performance expectations.
- Exposure to material legal claims, associated costs and wasted management time.
- Destruction of shareholder value.
- Loss of existing or new business.
- Loss of key staff.

Mitigation

- Quality Management Systems; adherence to these is regularly audited and reviewed by external parties, including accreditation bodies.
- Risk Management Framework and associated controls and assurance processes, including contractual review and liability caps where appropriate.
- Code of Ethics which is communicated to all staff, who undergo regular training.
- Zero-tolerance approach with regard to any inappropriate behaviour by any individual employed by the Group, or acting on the Group's behalf.
- Whistleblowing programme, monitored by the Audit Committee, where staff are encouraged to report, without risk, any fraudulent or other activity likely to adversely affect the reputation of the Group.
- Relationship management and communication with external stakeholders.

2021 update

This risk remains stable compared with 2020. The Group continues to invest in staff development, quality systems and standard processes to prevent operational failures.

2 Customer service

A failure to focus on customer needs, to provide customer innovation or to deliver our services in accordance with our customers' expectations and our customer promise.

Possible impact

- May lead to customer dissatisfaction and customer loss.
- Gradual erosion of market share and reputation if competitors are perceived to have better, more responsive or more consistent service offerings.

Mitigation

- Net Promoter Score ('NPS') customer satisfaction, customer sales trends and turnaround time tracking.
- Global and Local Key Account Management ('GKAM'/'LKAM') initiatives in place.
- Customer feedback meetings.
- Customer claims/complaints reporting.

2021 update

This risk remains stable compared with 2020.

3 People retention

The Group operates in specialised sectors and needs to attract and retain employees with relevant experience and knowledge in order to take advantage of all growth opportunities.

Possible impact

- Poor management succession.
- Lack of continuity.
- Failure to optimise growth.
- Impact on quality, reputation and customer confidence.
- Loss of talent to competitors and lost market share.

Mitigation

- HR strategy policies and systems.
- Development and reward programme to retain and motivate employees.
- Succession planning to ensure effective continuation of leadership and expertise.

2021 update

This risk remains stable compared with 2020.

Principal risks and uncertainties
Continued

4 Macro-Economic

Macro-economic factors such as a global/market downturn, inflation, supply chain and logistics restrictions, materials shortages, and contraction/changing requirements in certain sectors.

Possible impact
- Impact on revenue.
- Falling market share.
- Shrinking customer base.
- Impact on share price.

Mitigation
- We continue to focus on developing business in new markets and for new customers.
- We continue to focus on innovations in our service offerings.
- We continue to monitor trends and customer pipelines.
- We conduct regular strategic and business line reviews, including budget forecasting.
- We continue to monitor the impacts of external risk factors, and have access to data and analysis from our external advisers.

2021 update
This is a new risk for 2021.

5 Health, safety and wellbeing

Any health and safety incident arising from our activities. This could result in injury to Intertek's employees, subcontractors, customers and/or any other stakeholders affected. Wellbeing impacts on our people resulting from the Covid-19 pandemic and other similar events.

Possible impact
- Individual or multiple injuries to employees and others.
- Litigation or legal/regulatory enforcement action (including prosecution) leading to reputational damage.
- Loss of accreditation.
- Erosion of customer confidence.
- Wellbeing – individual or multiple instances of stress-related issues and/or illnesses, absenteeism, and related impacts on morale.

Mitigation
- Quality management and associated controls, including safety training, appropriate PPE (Personal Protective Equipment), Health & Safety policies (including due diligence on sub-contractors), meetings and communication.
- Avoiding fatalities, accidents and hazardous situations is paramount. It is expected that Intertek employees will operate to the highest standards of health and safety at all times and there are controls in place to reduce incidents.
- Business continuity planning.
- Employee wellbeing programme.

2021 update
This risk remains stable compared with 2020.

6 Industry and competitive landscape

A failure to identify, manage and take advantage of emerging and future risks.

Examples include the opportunities provided by new markets and customers, a failure to innovate in terms of service offering and delivery, the challenge of radically new and different business models; the failure to foresee the impact of, or adequately respond to and comply with, changing or new laws and regulations; a failure to anticipate and address the operational, strategic, regulatory and reputational impact of climate change and environmental factors; and a failure to identify and take advantage of the impact of post-Brexit changes to our clients' operations and supply chains.

Possible impact
- Failure to maximise revenue opportunities.
- Failure to take advantage of new opportunities.
- Lack of ability to respond flexibly.
- Erosion of market share.
- Impact on share price.
- Sanctions and fines for non-compliance with new laws, etc.

Mitigation
- GKAM and LKAM initiatives in place.
- Diversification of customer base.
- Focus on new services and acquisitions.
- Tracking new laws and regulations.
- Regular strategic and business line reviews.
- Development of ATIC-selling initiatives.
- NPS customer research to understand customer satisfaction.
- Using innovation to respond to the Covid-19 pandemic.

2021 update
This risk remains stable compared with 2020.

The Group continues to invest in innovation and to adapt our service delivery to meet our clients changing needs.

7 IT systems and data security

Systems integrity: major IT systems integrity issue, or data security breach, either due to internal or external factors such as deliberate interference or power shortages/cuts, etc.

Systems functionality: a failure to define the right IT strategies, maintain existing IT systems or implement new IT systems with the required functionality and which are fit for purpose, in each case to support the Group's growth, innovation and competitive customer offering.

Data security: a failure to adequately protect the Group's confidential information, customer confidential information or the personal data of the Group's employees, customers or other stakeholders.

Possible impact
- Loss of revenue due to down time.
- Potential loss of sensitive data with associated legal implications, including regulatory sanctions and potential fines.
- Potential costs of IT systems' replacement and repair.
- Loss of customer confidence.
- Damage to reputation.
- Loss of revenue/profitability if we fail to adopt an IT investment strategy which supports the Group's growth, innovation and customer offering.

Mitigation
- Information systems policy and governance structure.
- Regular system maintenance.
- Backup systems in place.
- Disaster recovery plans that are constantly tested and improved to minimise the impact if a failure does occur.
- Global Information Security policies in place (IT, Data Protection, CyberSecurity).
- Adherence to IT finance systems controls (part of Core Mandatory Controls ('CMCs')).
- Adherence to IT general controls.
- Internal and external audit testing.
- Processes to ensure compliance with GDPR.

2021 update
This risk remains stable compared with 2020.

Principal risks and uncertainties
Continued

Legal and Regulatory

8 Covid-19

The risk caused by the ongoing coronavirus pandemic. The virus is a potential risk to: (1) the health and safety of our people; (2) the ability of our and our customers' businesses to operate normally; and (3) global supply chains and the flow of goods and services.

Possible impact

- There is a health and safety risk to our people who come into contact with confirmed cases.
- In affected areas, there is a risk that the ability of our people to work as normal is impacted by mandatory health and safety restrictions, including quarantine and travel restrictions in certain cases.
- There is a risk that the ability of our people to perform field-based work (audits and inspections) continues to be affected by control and prevention measures that we and our clients are taking, or are subject to.
- In affected areas, there is risk of disruption to our normal operations, both as a consequence of the issues faced by our people and of the impact to our clients' operations and production levels.
- There is a risk that an ongoing situation could continue to disrupt global supply chains, which could lead to a need to refocus our service offering or delivery locations to align optimally with customer requirements and to remain competitive.
- There is a risk that our 2022 performance will be affected by the disruption to the supply chains of our clients and any impact it may have on global trade activities.

Mitigation

- We are closely monitoring our people's health, safety and security and relevant regulatory requirements.
- We have implemented, and continually revise, the Group's Covid-19 Health and Safety Policy, which covers extensive hygiene control and prevention measures for our office and field-based people.
- We have made changes to operational procedures to redirect work to Intertek facilities in unaffected locations.
- We are engaging closely with our customers to support their needs.
- We have working groups at the Group, regional and local levels to monitor the situation and put appropriate mitigation action and continuity plans in place.
- We have implemented a remote inspection approach to ensure compliance with the Covid-19 Health and Safety Policy across all of our sites.

2021 update

We believe this risk remains similar to the prior year. Although global vaccination programmes and other factors (such as rapid mass testing and improved treatments and therapies) have reduced this risk during 2021, there remains significant uncertainty over new variants and the potential for ongoing government restrictions.

We continue to work closely with our clients to prioritise the health and safety of our and their people and to maximise business continuity.

9 Contracting

Agreeing unfavourable terms with customers and/or suppliers as a result of not following agreed contract review processes, and/or failing to negotiate appropriate terms.

Possible impact

- Margin decretive work.
- Onerous liabilities and exposures.
- Non-optimised pricing.
- Financial exposures due to claims and litigation.

Mitigation

- Any deviations from our standard contract terms are subject to legal review and approval, and all contracts must be approved in line with our Authorities Grid (which sets out approval limits based on contract values and other relevant factors).
- We continue to operate our claims notification procedure, including claims management and insurer liaison where needed.
- Both our contracting and claims processes are supported by training programmes for relevant staff, and the use of relevant systems and databases.

2021 update

This is a new risk for 2021.

10 Regulatory and political landscape

A failure to identify and respond appropriately to a change in law and/or regulation, or to a political decision, event or condition which could impact demand for the Group's services or the Group's ability to grow, innovate and/or provide a competitive customer offering in any existing or new industry sector or market.

Possible impact

- Loss of revenue, profitability and/or market share.
- Increase to costs of operations, reduction in profitability.
- Reduction in the attractiveness of investment in specific businesses, sectors or markets and/or adverse change in the competitive landscape.

Mitigation

- Monitoring of regulatory environment and political developments.
- Analysis of impact of regulatory and political changes on operational SOPs and Group policies.
- Membership of relevant associations, e.g. TIC Council with related advocacy and liaison activities including in relation to developing climate-related or environmental regulations.

2021 update

This risk remains stable compared with 2020.

Principal risks and uncertainties
Continued

Financial

11 Business ethics

Non-compliance with Intertek's Code of Ethics ('the Code') and/or related laws such as anti-bribery, anti-money laundering, and fair competition legislation. Non-compliance could be either accidental or deliberate, and committed either by our people or sub-contractors who must also abide by the Code.

Possible impact
- Litigation, including significant fines and debarment from certain territories/activities.
- Reputational damage.
- Loss of accreditation.
- Erosion of customer confidence.
- Impact on share price.

Mitigation
- Annual Code of Ethics training and sign-off requirement.
- Whistleblowing programme, monitored by the Group Risk Committee, where staff are encouraged to report, without risk, any fraudulent or other activity likely to adversely affect the reputation of the Group.
- Enhanced processes for engagement with suppliers and third parties.
- Zero-tolerance approach with regard to any inappropriate behaviour by any individual employed by the Group, or acting on the Group's behalf.
- The Group employs local people in each country who are aware of local legal and regulatory requirements. There are also extensive internal compliance and audit systems to facilitate compliance. Expert advice is taken in areas where regulations are uncertain.
- The Group continues to dedicate resources to ensure compliance with the UK Bribery Act and all other anti-bribery legislation, and internal policy.

2021 update

This risk remains stable compared with 2020.

Ongoing annual confirmations ensure that staff verify compliance with the Code.

Local compliance officers perform due diligence on sub-contractors to check that they have signed the Group's Code.

During 2021, 112 (2020: 99) non-compliance issues were reported through the whistleblowing hotline and other routes. All were investigated, with 19 (2020: 27) substantiated and corrective action taken.

12 Sustainability

The risk of extreme weather events leading to business interruption.

Possible impact
- Impact on business continuity due to facilities being damaged or inaccessible.
- Impact on health, safety and wellbeing of our people.
- Delays in turnaround time.
- Customer relationship impacts.
- Increased costs.
- Logistical challenges due to redirection of work.
- Impact on revenue and margin.

Mitigation
- All our locations are required to maintain robust business continuity plans.
- Net Promoter Score ('NPS') customer satisfaction, customer sales trends and turnaround time tracking.
- We maintain up-to-date asset registers and values alongside our Group Insurance programme.
- We have an established crisis management procedure.

2021 update

This is a new risk for 2021.

13 Financial risk

Risk of theft, fraud or financial misstatement by employees. On acquisitions or investments, the financial risk or exposure arising from due diligence, integration or performance delivery failures.

Possible impact
- Financial losses with a direct impact on the bottom line.
- Large-scale losses can affect financial results.
- Potential legal proceedings leading to costs and/or management time.
- Corresponding loss of value and reputation could result in funding being withdrawn or provided at higher interest rates.
- Possible adverse publicity.

Mitigation
- The Group has financial, management and systems controls in place to ensure that the Group's assets are protected from major financial risks.
- Adherence to Authorities Grid (which sets approval limits for financial transactions).
- Stringent controls on working capital and cash collection.
- Legal, financial and other due diligence on M&A and other investments.
- Monitoring adherence to our CMCs and tracking of remediations by our compliance and finance controls teams and using our framework of risk committees.
- A detailed system of financial reporting is in place to ensure that monthly financial results are thoroughly reviewed. The Group also operates a rigorous programme of internal audits and management reviews. Independent external auditors review the Group's half year results and audit the Group's annual financial statements.

2021 update

This risk remains stable compared with 2020.

We continue to review and update the CMCs on an annual basis and use them for year-end compliance certification.

TCFD statement

Climate change matters

We believe that, as a sustainable business, Intertek has an important role to play in taking action on climate change and supporting the transition to a low-carbon economy.

We have committed to set ambitious science-based targets to get to net zero carbon emissions by 2050. We are also committed to total transparency on the effect of climate change and the risks and opportunities of decarbonisation on our operations, strategy and financial planning – including by implementing the recommendations of the TCFD in full.

There are 11 TCFD recommended disclosures and we report against them within this section. Through consistency with the TCFD disclosures, Intertek has achieved compliance with the listing rules.

Putting TCFD in context: an overview of global decarbonisation and the race to net zero
Climate change policies, disclosure requirements and public, consumer and investor pressure have led to a 'race to net zero' by governments and corporations – with the aim being decarbonisation of the global economy in line with Paris Agreement goals to limit global warming.

Decarbonisation to a point of net zero carbon emissions will involve economic, political and societal changes. The key to achieving it lies in energy transition – a shift from reliance on carbon-emitting fossil fuels to renewables and green energy sources, with the significant changes in energy infrastructure that involves. It will also require a reduction in the carbon footprint of global activities: transport and travel; facilities and construction; supplies consumed; and goods and services produced. The likelihood – based on the current rate of progress – is that achieving net zero within the Paris Agreement timeframe will in addition require the development and use of new carbon capture and storage technologies.

Conversely, if decarbonisation goals are not met, the effects of climate change will increase and extreme weather events will be more likely. Governments and corporations will need to consider mitigating the risks of this outcome by ensuring that their energy, manufacturing and supply networks are resilient and secure.

Task Force on Climate-related Financial Disclosures ('TCFD'):

Snapshot view:
TCFD risks and opportunities

At the high level, the 'race to net zero' by governments and corporations is beneficial to Intertek given our investments in sustainability – including our operational sustainability solutions; our carbon emissions certification, CarbonClear™; our ESG disclosures verification; and our Corporate Sustainability Certification, TSA.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Ongoing dependency on traditional oil and gas, and the significant investments required to scale up renewable energy, will mean our Industry Services businesses should benefit from traditional energy investment and the expected infrastructure growth in the renewables space. Our differentiated World of Energy value proposition, underpinned by our Total Energy Expertise, positions us strongly to take advantage of the global energy transition required to get to net zero.

Unless something dramatic happens to increase investment in renewables, the world will face difficulties in meeting Paris Agreement targets and addressing climate change. This negative outcome should lead to increased demand for our services as it will lead to an increased focus on developing low-carbon products and other innovations and technologies that will reduce emissions, including increased investment in carbon capture and storage.

TCFD
Continued

Strategy

Understanding the impact of decarbonisation and climate change

As the global ATIC leader, the demand for Intertek's services depends on the supply of and demand for our clients' products and services and the need for our Total Quality Assurance services at specific risk points in their logistics, manufacturing and supply chains.

In order to assess the impact of global decarbonisation on Intertek and our potential climate-related risks and opportunities, we have built a bottom-up, business-line specific supply and demand model which considers how the supply and demand of our clients' products and services, and therefore their need for Intertek's services, is likely to change in line with two decarbonisation scenarios:

1. global decarbonisation in line with the Paris Agreement, with increases in global warming limited to 2ºC and below; and
2. a failure to decarbonise globally in line with the Paris Agreement, with global warming of 4ºC and above.

Our impact assessment approach

Based on our view of global decarbonisation and the nature of our businesses and services, we have divided the impacts of climate-related risks and opportunities on Intertek's operations, activities and Earnings model into three categories:

- **Transition impacts:** the impact of transitioning to low-carbon economies and lifestyles. We further divide these into: energy transition impacts (the impact of transitioning to renewables and green energy sources); and **carbon footprint transition** impacts (the impact of reducing the carbon footprint of global activities including logistics, manufacturing/production and supply chains);
- **Policy impacts:** the impact of climate-related laws or regulations, or policies intended to drive a decarbonisation agenda; and
- **Physical impacts:** the impact of extreme weather events on our and/or our clients' facilities and operations.

The 2ºC scenario is the globally accepted limitation of temperature growth to avoid significant climate change events. Under this scenario, we have assumed that physical risks – the risks of extreme weather events – will not increase materially above the risk today and we have focused therefore only on transition impacts and policy impacts.

We have assumed that the 4ºC scenario will arise if transition actions and/or policy are ineffective, and under this scenario we have therefore considered physical risks only.

We have considered impacts over the short-term (0-2 years), medium-term (2-5 years); and long-term (5 years or more).

We have applied a materiality threshold of £20.65m, aligned with the materiality threshold in our financial statements. We have considered the materiality of risks on a 'net risk' basis, i.e. taking into account relevant risk mitigations and opportunities that may be linked to those risks.

Our climate-related risk and opportunities

Based on our business-line specific supply and demand model and decarbonisation scenarios, our view of Intertek's climate-related risks and opportunities is set out in the tables on pages 52 and 53.

How do climate-related risks and opportunities affect our businesses, strategy and financial planning?

We have identified and assessed the risks and opportunities of decarbonisation, on both a 2ºC/low-carbon and 4ºC/high-carbon scenario, using a bottom-up, business-line specific supply and demand model and looking at short-, medium- and long-term time horizons.

This assessment feeds directly into the strategy and financial planning that we do by business line, including our planning on:

- climate change mitigation activities and our net zero action plans;
- our service offering and our service innovation pipeline;
- the location of our facilities; and
- M&A and strategic growth activities.

What is our organisational resilience to the risks of climate change and decarbonisation scenarios?

We believe our operations and strategy have a high degree of resilience to the risks of climate change under both a 2ºC and 4ºC scenario:

- Our extensive network – over 1,000 labs in over 100 countries – means that we are well positioned to take advantage of any climate-related changes in supply chains (either changes to suppliers, to the raw materials being supplied or to the geographic location of supply chains).
- Our products inspection and assurance businesses are flexible as they use field-based inspectors and auditors and we can deploy personnel/sub-contractors as required.
- Our client-base of over 400,000 clients is diverse, with no material dependencies, which also de-risks geographic changes in our points of service delivery.
- Our capital-light Earnings model de-risks us from climate-related changes to our clients' supply chains and physical impacts of climate change as we have a low cost of market entry and exit.
- We are able to redirect work within our own network in order to mitigate the impact of climate-related disruptions.
- We do not anticipate a material impact of climate-related policies directly on our business. As a professional services provider, we do not operate in a sector which is likely to be a key focus for mandatory decarbonisation behavioural changes. Our broad geographic footprint de-risks us from the impact of national regulations. Our capital-light model mitigates our exposure to climate-related policies.

TCFD
Continued

Our climate-related risks and opportunities

2°C Scenario

Impact area	Risks and opportunities
Energy transition	The key question for our energy-related businesses is what the risks and opportunities of a transition to lower carbon/renewable energy will look like, and over what timeframe. The world will be dependent on traditional oil and gas for longer than people think: there have been under-investments in oil and gas exploration since 2015; there is structural under-investment in alternative energy sources; renewables will take time to scale, creating risks for governments and economies in moving away too quickly from traditional energy sources. This will require our clients to make incremental investments in traditional oil and gas Exploration & Production. Our Industry Services businesses should therefore benefit over the next 20 to 25 years both from traditional energy investments and the growth in infrastructure for renewables. Our Caleb Brett business should benefit from the recovery of global demand for oil and gas to pre-Covid-19 consumption levels in the short-term, and in the medium- to long-term continue to benefit from an increase in the production and consumption of oil-related products as well as the development and growth of greener fuels. The carbon capture and carbon removal technologies which will be required to achieve net zero targets are currently at an early stage of development and it is likely that increased investments will be required in order to accelerate their production and availability: this should benefit our engineering-based inspection businesses within Industry Services. The energy transition that certain of our traditional oil and gas clients face as they move to being total energy providers underlines the importance of our differentiated World of Energy value proposition. Intertek's range of energy expertise is able to support our clients across the full World of Energy spectrum: from traditional oil and gas, petroleum refining and distribution, petrochemicals and power generation to nuclear power, solar, biofuels, tidal, wave and wind power. This positions Intertek Total Energy Expertise strongly to take advantage of current and future business development linked to the energy transition.

Impact area	Risks and opportunities
Carbon footprint transition	For our Products businesses, the risks and opportunities of decarbonisation will be linked to our clients' transition to lower-carbon logistics, manufacturing/production and supply chain networks. We expect consumer spending on products to continue to increase and the number of SKUs produced to also increase. An increasing consumer and regulatory focus on sustainability will lead to changes in demand for products with lower carbon footprints. Equally, manufacturers' own sustainability goals will lead them to seek raw materials with lower carbon footprints and to develop lower carbon footprint products. We believe that corporations will face difficulties in achieving their net zero targets given the financial, organisational and practical complexities of transitioning to low-carbon footprint operations. We therefore expect the demand for existing products to stay high for longer. Given the difficulties in getting to net zero without R&D and investments in logistics and supply chains, our Products businesses will benefit from higher corporate investments in R&D to design green/low-carbon products at the start of the value chain and from investments in supply chain relocations closer to home markets to reduce carbon footprints and increase resilience.
Policy	Climate-related laws and regulations will increase over time. In the short term, governments are likely to limit policies which require mandatory behavioural changes to the industry sectors which are the most critical to decarbonisation: energy; infrastructure; and transportation. It is likely that corporates in other industry sectors will be encouraged to decarbonise by increasing disclosure and transparency requirements. The regulatory approach over the medium- to longer-term will change depending on companies'/countries' success in meeting Paris Agreement targets and regulation will become less voluntary and more mandatory over time if those targets are likely to be missed based on existing behaviours. We expect to benefit from increased regulation to drive investment and product development by our clients in the energy, infrastructure and transportation sectors. We expect our Business Assurance businesses to benefit from an increase in supplier audit and management solutions as corporations seek to reduce their carbon emissions (scope 1, 2 and 3). ESG disclosure requirements are likely to increase in response both to new regulations with tighter disclosure standards and to increasing investor and stakeholder expectations. We expect this to lead to increased demand for our ESG disclosure/verification services.

TCFD
Continued

Our climate-related risks and opportunities Continued

4ºC Scenario

Impact area	Risks and opportunities
Physical impacts	We consider that there are three types of possible physical impacts: 1. Direct physical impacts, where the increased frequency and/or severity of extreme weather events causes an increased incidence of disruption to our own operations/supply chain/ transportation networks; 2. Client physical impacts, where the extreme weather events cause disruption to our clients' operations and therefore changes to client demand – or the geographic location of client demand – for our services; and 3. Economic physical impacts, where temperature increase and extreme weather events reduce economic activity, leading to a fall in demand for our services in line with fall in consumer demand/client production. Based on our natural catastrophe experience and modelling, and because of the capital-light nature of our operations and our ability to redirect work within our own network, we believe that the impacts of extreme weather events to Intertek are likely to be local and not material at the Group level. Extreme weather events may impact our clients' operations and supply chains and economic activity. We have added 'Sustainability' – the risk of extreme weather events – to our Principal Risks for 2021 and reflected that accordingly in our viability statement and going concern analysis.

Governance

How does our Board have oversight of climate-related risks and opportunities?
Our Board of Directors is responsible for the oversight of climate-related risks and opportunities. The Board is informed about and actively considers climate-related issues at each quarterly Board meeting. Climate-related risks are integrated into every Board agenda as part of the Board's review of risks and our integrated risk, control and compliance approach. Climate-related issues are considered as part of the Board's strategic review sessions and reflected in the Board's strategic review and guidance.

The Board takes emerging and systemic climate-related risks and opportunities into account: (1) when considering the Group Risk Footprint and our internal controls/risk management policies at each Board meeting; and (2) in reviewing the Group's Principal Risks and in the risk modelling that feeds into the longer-term viability statement. In addition, the Board had a special TCFD session in October 2021 and a full deep-dive review of the Group's climate-related risks and opportunities in December 2021. The Audit Committee received a 'Climate change and reporting considerations' update session from PwC during the year.

The Group's Head of Sustainability reports to the Board on our climate-related risks and opportunities as part of an annual in-depth Intertek Total Sustainability review. Progress on our climate-related metrics is reported to and monitored by the Board. Once we have validated our science-based targets and robust net zero action plans, the Board will monitor and oversee progress against those targets and plans.

What is management's role in identifying, assessing and managing climate-related risks and opportunities? How does that fit into our overall risk management?
Our integrated risk management approach involves embedding an awareness and ownership of risk within our businesses using our framework of regional, divisional and functional risk committees. Each committee consists of relevant operational, HR, compliance, finance and insurance leaders from within our organisational structure.

We believe that climate-related risks and opportunities are important and integral business risks and opportunities and must also be embedded within that framework: the management team members who sit on our risk committees therefore consider climate-related risks and opportunities within their respective remits.

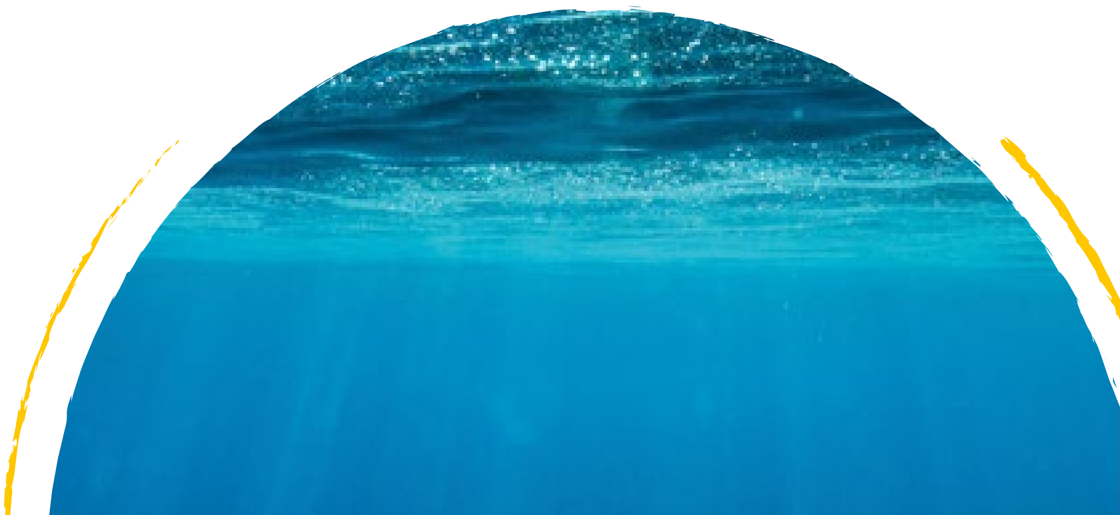
Climate-related risks are reflected if relevant in each risk committee's individual risk footprint – that is, their regularly-updated list of the risks and mitigation actions that they believe are relevant to their own area – and on their meeting agendas. The members of management on each risk committee are responsible for identifying, assessing and managing their own climate-related risks and opportunities and for identifying and implementing appropriate actions to mitigate the risks and/or capitalise on the opportunities.

The risk committees report to the Group Risk Committee, which is a delegated committee of the Board. The Group Risk Committee provides review, ownership and oversight of climate-related risks and opportunities at the Group level; identifies Group-level actions and cascades them to the regional, divisional and functional level as appropriate; and consolidates the climate-related risks and opportunities reported up by those committees.

More detail on our integrated risk management approach can be found on page 167.

In addition, climate-related risks and opportunities are identified, managed and tracked by:

- our Net Zero Steering Committee (whose members include our Group CEO, Group CFO, Head of Sustainability and Head of Sustainability – Finance) which is working on our detailed net zero action plans and manages our GHG emissions plans and targets;
- our Beyond Net Zero Steering Committee (whose members include our Group CEO, Head of Sustainability, VP – Innovation, EVP – Marketing & Comms, and Group Head of Risk), which has oversight of our Total Sustainability agenda including internal and external climate-related actions over and above our GHG and net zero commitments; and
- our specific CEO-led working group on TCFD/ climate-related risks and opportunities.



TCFD
Continued

Risk management

How do we identify and assess climate-related risks?

At the strategic level, we have developed and are using our supply and demand model to look at how the needs of our customers across our different businesses are likely to be affected by decarbonisation and how that is likely to affect their need for our end-to-end Total Quality Assurance services across all points of their logistics, manufacturing/production and supply chain networks.

Identifying and assessing climate-related risks is also an integral aspect of our operational risk management. We use our framework of regional, divisional and functional risk committees and our Group Risk Committee to ensure climate-related risks are identified, monitored and assessed in the same way as we do for other risks. Each committee identifies its own risks and tracks them in its own risk footprint: risks are assessed by order of likelihood and impact, and each committee identifies action plans to mitigate its risks. The relative significance of climate-related risks to other risks is determined as part of that risk footprint process and likelihood/impact assessment.

How do we manage climate-related risks?

Climate-related risks that we identify are managed in the same way as other risks through our integrated risk, control and compliance process.

Climate-related risks that are systemic (that is, are actual or inherent) in our operations are managed using our internal controls and our risk management policies. For example, all our sites are required to have business continuity plans in place so that we minimise disruption relating to extreme weather events; our sites are audited against this requirement to ensure they comply and are addressing the risk.

Climate-related risks that are emerging (that is, are potential or future-looking) are managed by our framework of risk committees using our risk footprint process. For any risk, the risk committees identify risk mitigation actions using a three lines of defence (control, management, oversight) model. For example, we see that there is a risk that we lose revenue opportunities if we fail to innovate in ways that support our clients in their decarbonisation goals. We therefore put in place risk mitigation actions to address that: we engage with our clients at the operational/sales level to understand their current and future needs; our innovation team develops new service offerings to meet those needs; our Group Risk Committee reviews innovations and new product development to ensure they align with group strategy.

Our risk committees assess the effectiveness of their risk mitigation action plans in addressing their identified risks throughout the year as part of their quarterly meetings.

The supply and demand model we have built bottom-up by business line allows our leaders to manage their climate-related risks and opportunities by linking their operations and strategy clearly to clients' decarbonisation/failure to decarbonise scenarios.

In addition to determining the materiality of climate-related risks on a bottom-up basis using our supply and demand model and risk footprint process, our Net Zero/Beyond Net Zero Steering Committees and TCFD working group provide a top-down view and allow top-down/Group-agnostic risk management actions.

Key metrics

Assessing and managing climate-related risks and opportunities

We use carbon-emissions target and net zero target dashboards by country to drive our climate change/net zero progress and to track the effectiveness of our climate-related action plans.

We have made several climate-related public commitments, on our own and with other organisations. Central to these is to set and meet science-based targets and we have joined the global movement of 'Business Ambition for 1.5°C' and the UN Race to Zero campaign. The Science Based Target initiative ('SBTi') defines and promotes global best practice in science-based target setting. We have applied the 'SBTi Criteria and Recommendations' guidance to our policies and Greenhouse Gas accounting standards in the development of our new science-based targets and will apply for our targets to be validated.

Intertek publicly reports on its scope 1, 2 and 3 GHG emissions and the carbon intensity of our operational emissions per employee and by revenue. Progress against targets is disclosed in the Annual Report & Accounts, as well as in other relevant publications. Our measurement and reporting is aligned to the GHG Protocol Corporate Accounting and Reporting Standard (2015) and the recommendations of the TCFD. As required, we report under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations and we apply the 2019 UK Government Environmental Reporting Guidelines, including the Streamlined Energy and Carbon Reporting Guidance ('SECR'). Further details can be found on pages 86 to 89.

We are also proposing a change to the operation of our annual incentive plan for 2022 in order to align our annual incentive framework with progress against our ESG and climate-related goals. The annual incentive is currently based 100% on financial performance: 80% based on a matrix of revenue and adjusted operating profit growth and 20% based on ROIC. Reflecting on the Group's wider purpose of bringing quality, safety and sustainability to life, the Remuneration Committee considered it would be appropriate to add an ESG element based on performance against a carbon emissions target. See page 147 in the Remuneration Report for further detail.

Section 172 statement

We create sustainable growth. For all.

In accordance with their duties under section 172(1) of the Companies Act 2006, the Board of Directors individually and collectively confirm that during the year under review, they have acted in a way that they consider, in good faith, is most likely to promote the long-term success of the Company for the benefit of its members as a whole, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

a) the likely consequences of any decision in the long term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly between members of the Company.

Long-term success

We, as a Board, clearly understand our responsibility to deliver long-term sustainable success and returns for our shareholders, underpinned by the highest standard of corporate governance, conduct and integrity. We collectively review, discuss and annually agree the Group's strategic review which covers a period of five years and is then linked to the viability statement as outlined on page 44.

Intertek has been delivering pioneering safety solutions to companies for over 130 years and in that time has had to navigate multiple challenges on a local and global basis. As a purpose-led business, we have learned a lot over the last two years during the Covid-19 pandemic. By acting with speed, flexibility and innovation to support our clients, we have lived up to our philosophy of being a force for good in the world in everything we do and delivering services that are mission-critical to support the wider society as a whole.

Our business can only grow and prosper over the long term if we understand and respect the views and needs of our customers, our people and the communities in which we operate, as well as our suppliers and the shareholders to whom we are accountable.

(A) The likely consequences of any decision in the long term

The importance of having due regard to stakeholders in the context of decision-making is brought to the Board's attention regularly. At the front of every Board and Committee agenda, the section 172(1) duties of the Board, including our purpose, customer promise, vision and board promise, are outlined as a reminder before each meeting.

Strategic planning discussions are supported by our purpose to bring quality, safety and sustainability to life, and to make the world a better, safer and more sustainable place whilst looking at the long-term structural drivers and the emerging trends shaping the future of the world, to ensure that the business continues to evolve to meet the changing needs of all stakeholders.

Examples of some of the principal decisions taken by the Board during the year, an explanation of the outcome of the decision and the matters which the Directors had regard to when reaching such decisions, are set out in the following section.

For more information about:

- the attractive nature of our industry, Intertek's effective purpose-led long-term 5x5 strategy for growth, see pages 14 to 17 in our Strategic Report;
- the exciting structural growth drivers in the global Quality Assurance market due to the Covid-19 pandemic and the focus on climate change as highlighted at COP26, which now includes a wide array of new opportunities in many areas which have become even more compelling as health, safety, wellbeing and sustainability grow in importance for society, companies and individuals alike, see pages 16 to 17 in our Strategic Report;
- what we are doing to address our impact on climate change and the environment and why sustainability is central to everything we do, see pages 50 to 54 and the Sustainability Report; and
- how we consider our Company to be viable and a going concern, see page 44 of the Strategic Report and page 131 of the Audit Committee report.

Section 172 statement
Continued

Principal decisions
We define principal decisions taken by the Board as those decisions that are of a strategic nature and that are significant to any of our key stakeholder groups. As outlined in the FRC Guidance on Strategic reports, we include decisions related to capital allocation and dividend policy.

For Board consideration	Stakeholders affected	How stakeholders affected were considered	The principal decision and outcome(s)
Whether the 2021 final and interim dividend should be paid in line with our dividend policy.	– Communities – Employees – Governments – Investors	The Board carefully reviewed the performance of the Group in Q1 and then at the half year, together with the 2021 outlook for the profit and loss account and the balance sheet. They also considered the impact of this decision on our shareholders, many of whom are pension funds which then has a bearing on individuals in the wider community together with the tax paid on such dividends. Many of our employees are themselves also shareholders and these payments reflected the strong nature of the company they work for.	The Board recommended a full year dividend of 105.8p per share, in line with the previous year, with payment of a final dividend of 71.6p to shareholders in June 2021 and an interim dividend of 34.2p in October 2021. This recommendation reflected the Group's resilient performance for 2020 with record margin and excellent cash conversion together with a strong performance in the first half of 2021 and the Board's confidence in the Group's structural growth drivers into the future. The Board concluded that it was in the long-term interest of the Company to proceed with the payment of the dividends.
Acquisition of SAI Global Assurance ('SAI').	– Communities – Customers – Employees – Investors – Suppliers	The Board undertook an extensive review of the business, the market, strategic rationale, management team, culture, the business plan as well as many other important factors. The Board, having consideration to SAI's dominant position within the market as a leading provider of assurance services, considered the acquisition to be an exciting opportunity to strengthen Intertek's Assurance offering by providing additional scale, enhanced geographical coverage and capabilities for new and existing customers. Due to SAI's structure and passion for their customers, the Board deemed the acquisition to be a good cultural fit for Intertek. The Board saw the opportunity to strengthen the talent pool across Intertek with SAI's high-quality team, in turn benefitting Intertek's employees, customers and investors.	Following the Board's extensive and careful consideration, it resolved to approve the acquisition of SAI after reviewing and agreeing that SAI would form part of the future long-term success of Intertek, and was in the best interests of all of its stakeholders. The acquisition of SAI completed on 7 September 2021.
Acquisition of JLA Brasil Laboratório de Análises de Alimentos S.A. ('JLA').	– Communities – Customers – Employees – Investors – Suppliers	The Board considered the acquisition of JLA and the opportunity that it would present to Intertek to enter the fast-growing agri-food and beverage testing market in Brazil. The Board deemed the acquisition as an attractive opportunity to leverage Intertek's industry-leading ATIC solutions in one of the largest markets globally, in terms of agri-food and beverage production value, with the opportunity to benefit not only customers, as the demand for food and beverage testing solutions accelerates as global supply chains become more complex, but investors, employees and communities alike.	The Board, following its review of the business and the benefits the acquisition would present for all stakeholders affected, approved the acquisition of JLA. The acquisition of JLA completed on 21 July 2021.
Continued the review of the global Covid-19 Health and Safety ('HSE') policy.	– Communities – Customers – Environment – Suppliers – Government & Regulators	Our main priority is always to ensure the health and safety of our employees. By implementing a policy which applies Group-wide, we ensure that our employees continue to exercise safe practices throughout the ever-changing landscape of the pandemic. The Board regularly reviewed the policy throughout the year to ensure that changes were implemented to reflect evolving developments in local practices, globally, and as the understanding of the virus evolves. By reviewing the policy, we not only ensure the safe practice of our people, but in turn ensure the safety of our customers and suppliers who are both directly and indirectly affected by our people and their practices.	In September 2021, an updated Covid-19 Policy was issued to reflect important developments following the approval of multiple vaccines and the rollout of vaccination programmes.

Section 172 statement
Continued

Board engagement with stakeholders (matters B, C, D & F)
In the table on the next page we have set out our key stakeholder groups, how they are linked to our strategy and risks, their material issues and concerns, why and how the Board engages with them, and the outcome of the engagement. We understand the need to tailor our approach to engagement with each stakeholder group to maintain positive and beneficial relationships and to understand their needs and interests. In this way, we can take account of these interests in our boardroom discussions and understand the impact of our decision-making on each stakeholder group, which in turn ensures we can continue to provide services that our clients need, collaborate effectively with our colleagues, make a positive impact to local communities and deliver robust returns and long-term sustainable value for our investors.

Strategic priorities

- a. Differentiated brand proposition
- b. Superior customer service
- c. Effective sales strategy
- d. Growth and margin-accretive portfolio
- e. Operational excellence

More on page 15

Our strategic enablers

- i. Living our customer-centric culture
- ii. Disciplined performance management
- iii. Superior technology
- iv. Energising our people
- v. Delivering sustainable results

More on page 15

Principal risks

1 Reputation
2 Customer service
3 People retention
4 Macro-economic
5 Health, safety and wellbeing
6 Industry and competitive landscape
7 IT systems and data security
8 Covid-19
9 Contracting
10 Regulatory and political landscape
11 Business Ethics
12 Sustainability
13 Financial Risk

More on pages 44-49

Section 172 statement
Continued

Customers

Link to strategy & risk

Principal risks

1 2 3 4 5 6 7
8 9 10 11 12

Further reading

Read more on pages 80 to 85

Their material issues/ priorities

- Global supply chain disruption.
- Consistent high quality work.
- Speed of service delivery.
- Safety in workplaces.

Why and how the Board engages

- We have a proven track record of innovating and anticipating the growing needs of our customers, constantly evolving and improving our customer proposition to meet their changing needs and the changing world around us.
- We offer our customers a unique risk-based approach to Quality Assurance, supporting them to thrive in an increasingly complex world. It is their changing needs that drive our approach to innovation and we are constantly learning from their feedback so that we can deliver 'ever better' solutions to their needs and requirements.
- Customer-centric entrepreneurial culture putting the customer first.
- Regular reports to the Board.
- Data Intelligence Benchmarking by site, service, and customer.
- Net Promoter Score listening to c.6,000 customers per month.
- 846 Quality Assurance ('QA') customers were contacted, globally, across all key business lines to ascertain the key drivers when choosing a trusted QA provider.

Outcome of engagement

- Launched a new Intertek CarbonZero™ certification programme and issued the first CarbonZero™ certification in April 2021.
- Developed Tradeable – a portfolio of pre-shipment solutions to help customers mitigate trade-related risks enabling them to trade with confidence.
- By engaging with our customers we were able to understand the key drivers for our customers when choosing a trusted QA provider. In turn, we are able to ensure that our brand proposition remains aligned, and we continue to be the QA provider of choice for our customers.
- 59% of our customers view us as a partner, or both a partner and supplier. This insight enables us to concentrate our efforts on the opportunity to build stronger partnership relations.

"Intertek does a good job at understanding us and working with us to deliver what we need."

"An expert in their field."

People

Link to strategy & risk

Principal risks

1 2 3 5
7 8 11 12

Further reading

Read more on pages 73 to 79

Their material issues/ priorities

- Safe laboratory and office working environments.
- Employee engagement, wellbeing and mental health support during the pandemic.
- Job security.
- Ethical practices.

Why and how the Board engages

- Our core strength is, and always will be, our people. They are key to bringing quality, safety and sustainability to life for an ever better world.
- We recognise our employees' contribution to the success of our customers' products, services and operations. They drive our growth; delivering global solutions locally to build strong local relationships, in local languages and fuelled by their deep understanding of local culture and customer priorities. We have an experienced, entrepreneurial, diverse workforce with outstanding talent for innovation, which enables us to deliver our services with precision, pace and passion.
- Regular updates to the Board on the Covid-19 pandemic across the Group to closely monitor our people's health and wellbeing using a '5-category' system.
- Updates on our people at every board meeting and extensive discussions on people, talent planning and culture throughout the year.
- Understanding the continuing uncertainty the pandemic has brought and supporting our people and the wider community.

Outcome of engagement

- Launched a new global wellbeing programme, Kindness; a personal experience that will help build our own personal strength and resilience, in turn helping our people to re-energise, boost their wellbeing and unleash their potential.
- Specific Covid-19 HSE policy adopted globally, which is regularly reviewed and updated to align with local restrictions and practices.
- Best practices to engage with remote-working employees.
- Intertek Hero videos recognising our colleagues and their contributions.
- Family days arranged at sites across Intertek.
- Decisions taken to pay dividends.
- Joined the Valuable 500 to ensure those with disabilities experience our culture of inclusiveness at every stage, to ensure we create an ever-more diverse and inclusive employee population.

Section 172 statement
Continued

Suppliers

Link to strategy & risk

Principal risks

1 4 5 6 8 9 11 12

Further reading

Read more on page 169

Their material issues/ priorities

- The viability of Intertek as a customer.
- The quality of products and their own supply chains.
- How to deliver services remotely in line with local restrictions due to the pandemic.

Why and how the Board engages

- As a global company, we have a strong agenda on sourcing responsibly and are passionate about ensuring our supply chain operates likewise and improves the lives of workers, their communities and the environment, and in making a positive contribution to human rights.
- We work with suppliers all over the world and we are committed to treating them fairly and maintaining the highest standards of respect and integrity in how we conduct ourselves every day, everywhere and in every situation.
- The Board has important regard to its suppliers, even more so since the pandemic has highlighted the importance of supply chain strength, which was reinforced by the Gartner survey, issued in February 2021, which found that 87% of supply chain professionals will look to invest in supply chain resiliency within the next two years.
- Operating by 'Doing the Business the Right Way'.
- Managing supplier relationships and assessing their labour practices, anti-bribery, corruption and sustainability.
- Regular reports on Risk, Control, Compliance and Quality to the Board.
- Reviewing the culture operating across the business.

Outcome of engagement

- The ongoing focus on 'Doing Business the Right Way' and annual Code of Ethics training across the Group.
- The Intertek Sustainable Procurement Policy demonstrating our commitment to an ethical, sustainable approach to the supply chain.

Investors

Link to strategy & risk

Principal risks

1 2 3 4 5 6 7 8 9 10 11 12 13

Further reading

Read more on page 121

Their material issues/ priorities

- Long-term strategy and business model.
- Financial performance.
- Governance.
- Sustainability.
- Risk management.

Why and how the Board engages

- We are responsible to the Company's shareholders for the proper conduct and success of the business and our shareholders play an important role in monitoring and safeguarding the governance of the Group. We do everything for the benefit of our shareholders, whether they are large institutions or private shareholders, financially through the returns we generate for them and reputationally through the way we operate.
- The Chairman holds a meeting with shareholders to discuss Corporate Governance annually.
- Two shareholder consultations were undertaken throughout the year; one prior to the Remuneration Policy vote at the Annual General Meeting ('AGM') and one post the AGM to consult with any shareholders who voted against the Remuneration Policy.
- Feedback from all such meetings with shareholders is given to the Board.
- Regular investor relations updates to the Board.
- The 2021 AGM facilitated the participation of shareholders virtually via Microsoft Teams enabling them to ask questions and ensuring their wellbeing, safety and inclusivity whilst UK social distancing restrictions remained in place. All members of the Board attended the AGM.

Outcome of engagement

- The feedback from the meetings the Chairman had with shareholders was positive and the shareholders continue to be supportive of Intertek's strategy, the management and the Board.
- The outcome from the shareholder engagement on remuneration is outlined in the letter from the Chair of the Remuneration Committee on pages 136 to 137.
- Decision to pay the full year and interim dividends.
- Focus on carbon emission reduction plans.

Section 172 statement
Continued

Communities

Link to strategy & risk

Principal risks

1 2 3 5 6
8 10 11 12

Further reading

Read more on pages 92 to 94

Their material issues/ priorities

- Safety in the workplace, in public places, on public transport and at home throughout the pandemic.
- Local employment.
- The environment and our impact.

Why and how the Board engages

- We are committed to supporting the communities in which we operate and wider society as a whole as a force for good. Our sustainability, growth and innovations, as well as the services we provide to our customers, generate direct and indirect benefits for communities in which we operate.
- We recognised the concerns of communities on returning to workplaces during the pandemic, using public places and transport. The Board then supported the rapid development of services to provide assurance to the wider community.

Outcome of engagement

- Joined the LEAF (Lowering Emissions by Accelerating Forest finance) Coalition to contribute to accelerating the pace and scale of global forest protection, in turn complementing our own commitment to reaching net zero emissions as part of our carbon-light earnings model. In addition, in October, we became a member of the 'Get Nature Positive' campaign, a voluntary coalition of businesses committed to restoring the natural world.
- Launched our BBEB.com digital platform, which enables our people to create their own community BBEB space and engage with their friends, families, neighbours, and colleagues to inspire their community to become ever better.
- Launch of POSI-CHECK, part of our Protek offering, a new audit solution to help in the Prevention of the Spread of Infection ('POSI') in restaurants, supermarkets, schools and other facilities.
- In April 2021, launched Intertek's first ever Trash Tag challenge, in honour of Earth Day, to pick up and properly dispose of rubbish while out in nature. In the US, eight laboratories took part. The Michigan Transportation Technologies team alone cleared up a 4-mile stretch of highway collecting a total of 113 bags (with enough car parts to build a new vehicle).

"I want to leave the world a better place for the kids, so they can always have a place as serene and gorgeous as this...to clear their minds and feel peaceful."

Kerry Tapio
Director, Automotive Product Certification

Government and Regulators

Link to strategy & risk

Principal risks

1 3 4 5 6 7
8 9 10 11 12

Further reading

Read more on page 168

Their material issues/ priorities

- Compliance with local laws and regulations.
- Impact on wider society and on the environment.
- Safety in the workplace, in public places, on public transport throughout the pandemic.
- Quality of products being used by key workers.

Why and how the Board engages

- 'Doing Business the Right Way' is part of who we are and as a responsible business, we are dedicated to engaging positively with governments and regulators to ensure we are supporting the wider community and complying with global, regional and local regulations.
- Regular reports to the Board on Risk, Control, Compliance, Quality and Corporate Governance.
- The regular review of the viability of the business, the risks it faces and mitigation action plans.
- 'Doing Business the Right Way'.
- Annual review of Modern Slavery and publication of our statement.

Outcome of engagement

- The annual revision and update to the Core Mandatory Controls to ensure that the business operates under essential controls in line with local requirements and the expectations of doing business.
- The annual Code of Ethics training which is updated each year.
- The introduction of new services and cooperation with governments to deliver key services.

Section 172 statement
Continued

(E) The desirability of the Company maintaining a reputation for high standards of business conduct
The accuracy and validity of reports and certificates that we provide, maintaining the trust and confidence of our customers, their customers and others impacted by our work, are important factors which contribute to our success. Integral to this is 'Doing Business the Right Way' and our internal risk, control, compliance and quality programme. This means living our values, having the highest standards of ethics and integrity in how we conduct ourselves every day, everywhere and in every situation.

The programme includes:
- processes, tools and training to ensure that our people work in a safe and inclusive environment;
- the services we provide and the contracts we enter into are delivered with integrity and in line with our commitment to Total Quality;
- a commitment from every colleague to the highest standards of professional conduct; and
- information about managing our risks and doing the right thing for the longer term to deliver our sustainable growth.

We understand the importance of incorporating sustainability principles into our quality and safety management policies and systems: how we capture data to drive operational excellence; consistently improving our services to our customers; adopting the Intertek Sustainable Procurement policy; and ensuring the health and safety of our people.

For more information about:
- how we carry on business responsibly, see pages 18 to 25 of the Strategic Report;
- our safety priorities, policies and performance, see page 73 in the Sustainability Report; and
- our system of internal control including our management of risk, see pages 112 and 134 of the Directors' Report and pages 167 to 169.

Group non-financial information statement

The table below is intended to help our stakeholders understand our position on key non-financial matters in line with the reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. Our reporting on these topics and key performance indicators is contained within this Strategic Report and also in the Sustainability Report.

Reporting requirement	Description, implementation, due diligence, outcomes and additional information	
Environment	Environment	pages 86 to 91
Employees	Nomination Committee report Risk management People and Culture	pages 126 to 129 pages 167 to 169 pages 73 to 79
Social matters	Communities	pages 92 to 94
Human rights	People and Culture	pages 73 to 79
Anti-corruption and anti-bribery	Principal risks and uncertainties Risk management People and Culture	pages 44 to 49 pages 167 to 169 pages 73 to 79
Description of principal risks and impact of business activity	Principal risks and uncertainties Task Force on Climate-related Financial Disclosures Section 172 statement	pages 44 to 49 pages 50 to 54 pages 55 to 61
Description of the business model	Our business model	pages 18 to 25
Key Performance Indicators	Financial KPIs Non-Financial KPIs	pages 26 to 27 pages 28 to 29

The Strategic Report was approved by the Board on 28 February 2022.

On behalf of the Board

André Lacroix
Chief Executive Officer

Sustainability Report

We are a force for good in the world. This is what drives our people, and what drives us as a business.

Achieving 'ever better' performance, and acting as a force for good, depends on having an organisation that is truly diverse and inclusive, and on empowering our people.

Empowered

Create opportunities for learning and knowledge sharing across the Group.

We understand that empowering our colleagues, and creating a culture that enables them to grow, develop and innovate, is how we will move faster along our good-to-great journey. We ensure that every team in every site has access to the insights they need for effective decision making to drive our sustainability agenda throughout the organisation, and offer them the wide range of technical training, education and support they need.

How we do it on pages 73 to 75

Inclusive

Committed to the highest standards of fairness, respect and safety.

Our approach to inclusion and diversity facilitates a culture of inclusiveness across Intertek where people are able to perform at their best. It's a culture in which colleagues know their views, opinions and talents are respected, harnessed and not discriminated against. Our diverse workforce helps us to understand, communicate and trade effectively with our vast client base through a strong understanding of local issues and cultures.

How we do it on pages 76 to 79

Responsible

'Ever better' in terms of environmental and social impact.

Quality and safety are part of our purpose, and form the cornerstones of our sustainability programme, which is aligned with internationally recognised standards on health, safety and the environment. We are deeply committed to operating with integrity by 'Doing Business the Right Way' and look to understand our organisation's impacts on the environment and mitigate them in regard to climate change, and our use of resources.

How we do it on page 168

Chief Executive Officer's Sustainability letter

Creating Sustainable Value for all

André Lacroix
Chief Executive Officer

> "For us, sustainability excellence means much more than achieving net zero."

In the last few years, I shared my views on how sustainability had become the movement of our time, given the multiple challenges faced by the planet in the 21st century. In the last two years, Covid-19 has been a catalyst for deep changes in society with more and more people believing that we all need to build back an ever better world.

The need to build back better from the pandemic has made sustainability a priority, and it is sustainability in the widest sense: being better for the environment, better for people and communities, doing better business, building a better and fairer future for all.

This greater understanding of what it means to be truly sustainable is fully aligned with our view at Intertek.

For us, being truly sustainable means much more than achieving our net zero targets and is about demonstrating Sustainability Excellence end-to-end in each of our operations. Importantly Covid-19 has shown how critical quality, safety and sustainability are to global supply chains, and how vital health and wellbeing are to all of us – individuals, businesses and policymakers – making what we do at Intertek for our clients more critical than ever.

Our unique approach to Sustainability Excellence
Sustainability is central to everything we do. It starts with our purpose – of bringing quality, safety and sustainability to life – and our strong values. It is in the leading solutions we provide to our clients to help them to create a safer, more resilient and more sustainable world. It is in our own corporate sustainability agenda – including our net zero targets and our "beyond net zero" goals.

Importantly, being sustainable for Intertek goes beyond what we do and includes how we do it and how we take responsibility and accountability for it. We strongly believe that 'Doing Business the Right Way' with a systemic approach is the only way to deliver sustainable value to all stakeholders: customers, employees, suppliers, shareholders, regulators and communities.

Our sustainability agenda is underpinned by our strong corporate and sustainability governance framework, and by our integrated risk, control and compliance approach.

Chief Executive Officer's Sustainability letter
Continued

To ensure we live up to the same high sustainability standards against which we certify our clients, we report against our Total Sustainability Assurance ('TSA') corporate sustainability standards. Our TSA programme is based on the ten standards that we believe define a truly sustainable organisation:

- Quality & Safety
- Risk Management
- Enterprise Security
- Compliance
- Environment
- People & Culture
- Communities
- Governance
- Financial
- Communications & Disclosures

The TSA standards go beyond the criteria that are commonly looked at by ESG rating agencies to include other factors that stakeholders and investors should consider when evaluating an organisation's sustainability, including business resilience, risk appetite, enterprise security and sustainability of growth and earnings.

Finally, we know that transparency drives accountability and so we are committed to increasing our sustainability disclosures.

This end-to-end, systemic framework is what we call "Sustainability Excellence" and we believe it is the way to create sustainable value for all our stakeholders. I am delighted that this year our sustainability report is structured in line with our framework, making it easier for our stakeholders to fully understand our sustainable business model and how we bring quality, safety and sustainability to life.

Highlights of our progress in 2021

Supporting our clients on their sustainability agendas

For our clients, the sprint to net zero is real, and corporations everywhere are having to reinvent the ways in which they reduce their carbon footprint across their entire operations. At the same time, they are having to address how they communicate their progress, with independent verification of their carbon emission reductions as well as key aspects of their sustainability journey.

In 2021, thanks to the Science-based Customer Excellence of our people, we have continued to innovate in order to deliver comprehensive operational and corporate sustainability solutions to our clients. Our Total Sustainability Assurance offering now covers three distinct areas:

- Intertek Operational Sustainability Solutions, a portfolio of industry-specific and -agnostic solutions, including CarbonClear™, SourceClear™ and our new independent carbon-neutral certification for products and services, CarbonZero™, which launched in April 2021.
- Intertek ESG Assurance, which supports our clients on all aspects of their ESG reporting journey.
- Intertek Corporate Sustainability Certification, the world's first corporate sustainability audit and certification programme.

Progress on our own sustainability agenda

At Intertek, we live by the same values that our products and services enable our clients to embrace. Our sustainability journey is well underway, with a focus on working with our stakeholders to create something bigger and better for everyone in the world.

We are now part of the LEAF (Lowering Emissions by Accelerating Forest Finance) Coalition, a new initiative providing finance to countries committed to protecting their tropical forests. We have also become a member of the 'Get Nature Positive' campaign, a voluntary coalition of businesses committed to restoring the natural world, demonstrating our commitment to a greener future.

We made progress in 2021 in terms of reducing our carbon emissions and moving forward, we will include yearly carbon emissions reduction targets in short-term incentives for all our employees.

Our sustainability targets go beyond net zero and we have set targets for the entire organisation in the areas of customers satisfaction, diversity and inclusion, health and safety, compliance, employee turnover and engagement.

Our effort and ambition has been recognised by leading industry bodies. We were included in the FTSE4Good Index for the fifth year running and have received the highest possible 'AAA' ESG rating from MSCI, the world's largest provider of ESG indexes.

This year, we unveiled our exciting new initiative, Building Back Ever Better – with our #BBEB platform: bbeb.com. The purpose of the platform is to create a truly global community-based movement that will help and influence people around the world to create their own local community spaces in their local languages, and inspire friends, family and public institutions.

Already our employees have used the platform to share projects they have been involved in and on topics that matter to them. In addition, our employees have engaged with 74 community projects, of which 24 are specifically environmental campaigns.

A force for good

After Covid-19, we all understand the need to build back an 'ever better' world with higher quality, safety and sustainability standards. Consumers want more sustainable products, supply chain simplicity, visibility and traceability of goods, new solutions for hygiene, health and wellbeing, as well as lower carbon emissions. Our clients are on their own race to net zero and are pursuing reductions in their carbon footprints across their whole operations. There has never been a time when our purpose of bringing quality, safety and sustainability to life has been more relevant.

We are deeply committed to our sustainability agenda and we all continue to deliver sustainable value for all our stakeholders; customers, employees, suppliers, shareholders, regulators and our communities. Sustainability is central to everything we do and we can proudly say that Intertek is an amazing force for good.

0.51
Total Recordable Incident Rate
More on page 73

6,000
Average NPS interviews per month
More on page 80

4.35
Operational emissions intensity CO_2 per employee (market-based)
More on page 88

13%
Voluntary Permanent Employee Turnover rate
More on page 74

23%
Women in senior management
More on page 29

94%
Compliance training completion by eligible employees
More on page 29

Sustainability highlights

2021 Highlights

Sustainability is central to everything we do and we demonstrate our commitments and passion to help our clients make a difference as well as bettering ourselves every day.

6%

increase in women in senior management roles since 2017

More on page 76

400,000

Through our vast reach across our 400,000 customers and the industries which they occupy, our services help contribute to progress across all of the UN Sustainable Development Goals

More on page 25

21%

reduction in incidents since 2019

More on page 73

2021

Build Back Ever Better launched, creating a community-based movement to build an 'ever better' world

More on page 95

44,063

employees across 100 countries

More on page 22

74

Ever better community projects delivered by our employees

More on page 92

Memberships and programmes

We are a participant in the LEAF (Lowering Emissions by Accelerating Forest Finance) Coalition

The LEAF Coalition

Lowering Emissions by Accelerating Forest finance

We are a member of the 'Get Nature Positive' campaign

Get Nature Positive

We are an accredited Living Wage Employer in the UK

We are a Living Wage Employer

Member of the Valuable 500

The Valuable 500

Race to Zero participant

RACE TO ZERO

Sustainability highlights
Continued

ESG Credentials

We actively participate in a range of global ESG ratings, indices and frameworks to benchmark our approach against best practice and emerging sustainability challenges.

In 2021, Intertek received a rating of 'AAA' in the MSCI ESG Ratings assessment[1]

We were included in the FTSE4Good Index for the fifth year running

Intertek are rated "Prime", fulfilling ISS ESG's demanding requirements regarding sustainability performance in our sector[2]

In February 2021, Intertek was rated by Sustainalytics[3]

Intertek participates annually in CDP's Climate Change Programme

1. msci.com/notice-and-disclaimer
2. issgovernance.com/esg/ratings
3. sustainalytics.com/legal-disclaimers

"Today, the expectations of all stakeholders, including our employees, customers, investors and wider society, continue to rise. Providing transparency in our reporting is a key focus on the journey to Total Sustainability."

Ida Woodger
Head of Sustainability

A sustainable business is focused, competitive, resilient and agile. It is a business that thrives throughout economic and social cycles. Environmental, social, governance and commercial issues are often connected; they are part of a complex dynamic system that is constantly evolving.

Our sustainability journey is well underway but with the urgency of climate change and the need to create a more inclusive world for all, we must raise the bar for ourselves, our customers and the communities around us.

The following pages will demonstrate how we bring quality, safety and sustainability to life and provide our stakeholders with a transparent account of the progress we have made on the most material sustainability issues the Group faced during 2021.

Who we are, as a purpose-led business, informs everything we do and how we do it. By investing in our own operations and our people, we create the innovations and Total Quality Assurance solutions we offer to our customers. This in turn supports our customers in meeting their product or service quality, safety and sustainability goals, which makes for a better, safer and more sustainable world, creating sustainable value for all.

This is underpinned by our governance, risk management processes and our Total Sustainability Assurance ('TSA') programme.

Applying the principles of the TSA programme helps us to guide and frame our own Sustainability Excellence approach, identify actions to improve our sustainability and assurance of our entire value chain, delivering real, robust and measurable value to our stakeholders.

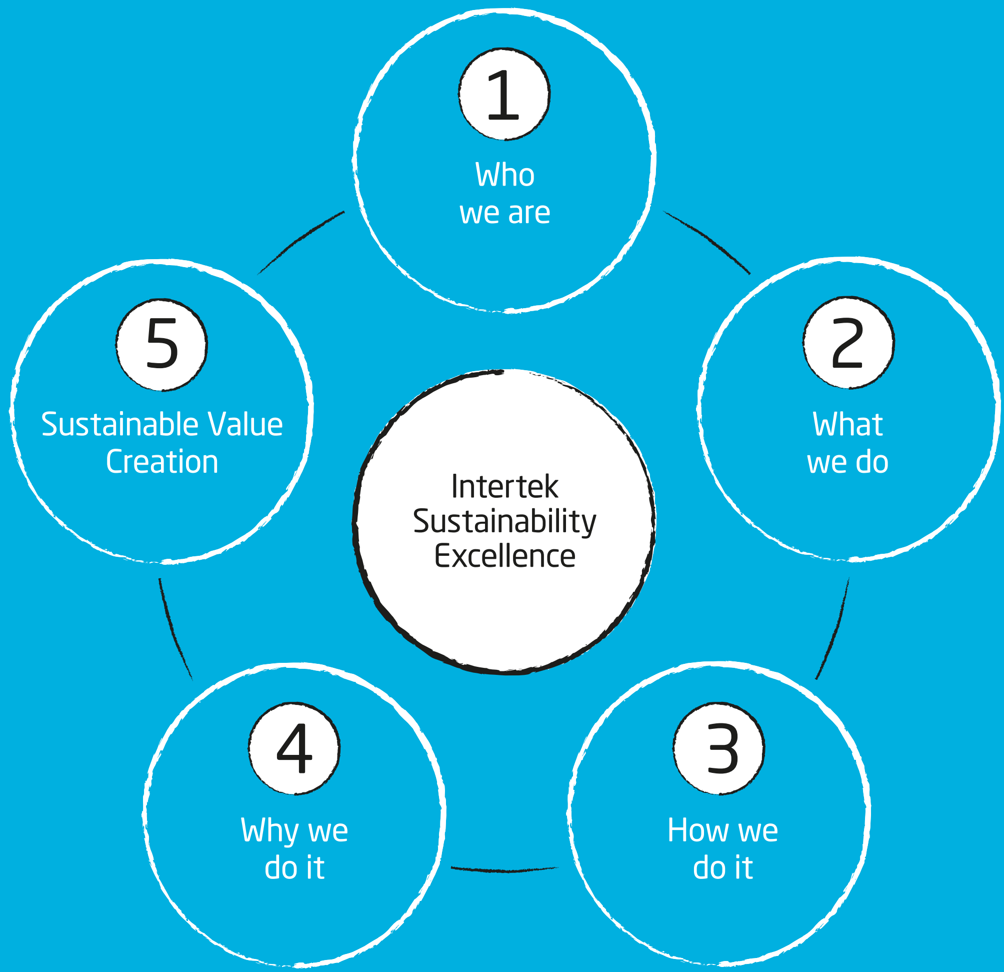
The expectations of all stakeholders, including our employees, customers, investors and wider society, continue to rise. Our TSA definition of what it means to be a sustainable company includes – and goes beyond – ESG and net zero, and we believe that this approach demonstrates our 'ever better' commitment to total transparency and accountability to our stakeholders.

Sustainability is key to our 5x5 strategy, underpinning our day-to-day activities and behaviours, and we know that Intertek is ideally positioned globally to have a positive impact on the challenges facing the world.

Sustainability Excellence

Our framework

At Intertek, we live by the same values that our wide range of sustainability services enable our clients to embrace. We are committed to leading by example with our own Sustainability Excellence framework, implemented in every operation.



1 Who we are

More on page 69

We are a purpose-led company living up to our strong values every day

2 What we do

More on page 70

We provide 'ever better' industry leading ATIC solutions for our clients for a safer and more sustainable world

3 How we do it

More on page 71

Our Ever Better systemic approach to sustainability excellence at Intertek

4 Why we do it

More on page 95

We are passionate about creating an 'ever better' world for future generations

5 Sustainable Value Creation

More on page 96

We are an amazing force for good in the world, delivering sustainable growth for all stakeholders

Underpinned by

Governance

We are committed to the highest standards of corporate governance to successfully deliver long-term sustainable growth and shareholder value.

More on page 98

Risk

We build resilience through systemic risk governance practices to assure a strong culture of risk-based business management.

More on page 167

Total Sustainability Assurance

Provides the definition of what it means to be a sustainable company and demonstrates our 'ever better' commitment to total transparency and accountability to our stakeholders.

More on page 170

Transparency

Total transparency with robust disclosures and relevant targets aligned to corporate strategy is key to how we demonstrate sustainability accountability to our stakeholders.

More on page 171

Sustainability Excellence
Continued

1 Who we are

We are a purpose-led company living up to our strong values every day.

Our Purpose

Bringing quality, safety and sustainability to life.

Our Vision

To be the world's most trusted partner for Quality Assurance.

In our work, we help corporations address the complex quality, safety and sustainability challenges they face. But our approach does far more than help businesses resolve the emerging risks in an ever-more complex world. By bringing quality, safety and sustainability to life, it also helps to safeguard the legacy that we will all leave to the next generation. This is what drives every one of our global network of 44,000 colleagues in the work they do every day, from testing toys to inspecting power stations, certifying vaccines to providing end-to-end Quality Assurance. It is also why our clients trust us to help them benchmark and improve the quality, safety and sustainability of their products, operations and services.

As a company, we are truly committed to becoming ever better in every aspect of what we do. That goes beyond simply seeking ways to constantly improve our operations for enhanced efficiency and effectiveness. It also means researching and innovating to improve how we create and provide our industry leading services, enabling our 400,000 clients to become ever better, too. In this way, we are also helping them to progress their sustainability agendas, giving them the tools to manage and mitigate risk and act responsibly for the wider benefit of society.

Our Values

- **We are a global family that values diversity.**
- **We always do the right thing, with precision, pace and passion.**
- **We trust each other and have fun winning together.**
- **We own and shape our future.**
- **We create sustainable growth. For all.**

Sustainability Excellence
Continued

2

What we do

We provide ever better industry leading ATIC solutions to our customers to help them create a more resilient and more sustainable world.

As a customer-centric organisation with industry leading technical knowledge in each of our operations, we are always looking for ever better ways to deliver superior ATIC – Assurance, Testing, Inspection and Certification – services to our clients, enabling them to build stronger businesses.

Organisations are facing increasing challenges from growing complexities across their value chains, as well as consumer expectations of corporate responsibility. Today our clients are looking for a systemic, independent end to end assurance on all aspects of their sustainability journey.

Our answer is Intertek Total Sustainability Assurance, a holistic programme empowering our customers to achieve sustainability excellence across all aspects of their business and communicate results with confidence.

Intertek Total Sustainability Assurance is comprised of three parts: Operational Sustainability Solutions, ESG Assurance and Corporate Sustainability Certification.

Intertek Total Sustainability Assurance

Operational Sustainability Solutions

These are designed to help our customers achieve sustainability excellence in all parts of their operations, including across the supply chain. Our broad portfolio of industry-specific and industry-agnostic solutions is continuously evolving, and recent breakthrough innovations include CarbonClear™, CarbonZero™ and SourceClear™.

intertek.com/sustainability/operational

Intertek ESG Assurance

With this programme, we support our clients on all aspects of their ESG reporting journey and non-financial data needs. Support ranges from strategy setting to preparing reports and providing independent verification of sustainability disclosures and reporting. This allows our customers to communicate with total confidence with their stakeholders on all aspects of their ESG journey.

intertek.com/sustainability

Corporate Sustainability Certification

The world's first independently verified corporate sustainability audit and certification programme is based on the ten standards that we believe define a truly sustainable organisation from a company strategy and corporate governance perspective.

They go beyond the criteria that are commonly looked at by ESG rating agencies to include other factors that stakeholders and investors should consider, including business resilience, risk appetite and enterprise security.

intertek.com/sustainability/corporate

Sustainability Excellence
Continued

3 How we do it

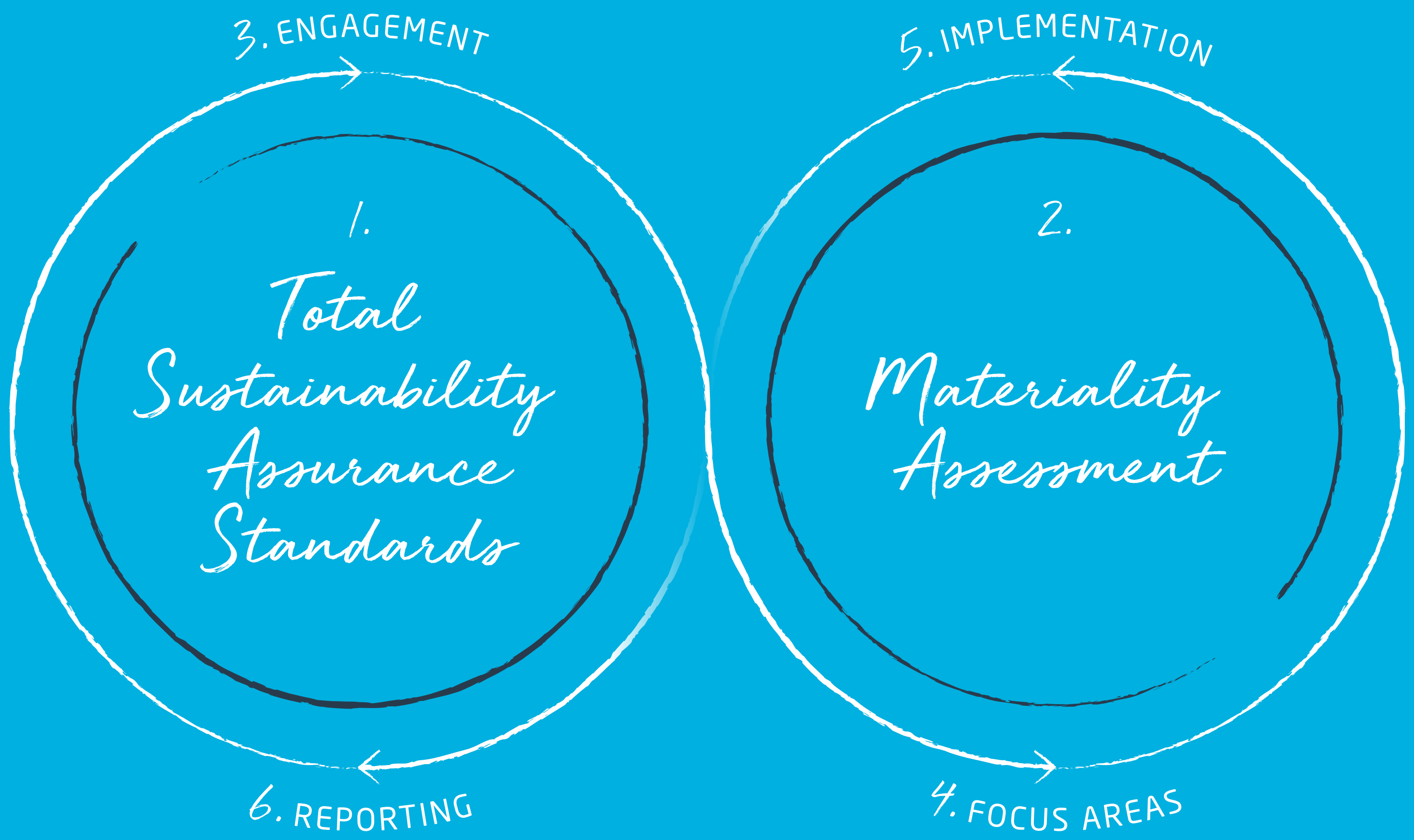
At Intertek, we are focused on sustainability excellence in every operation, and as a purpose-led organisation we hold ourselves to the same ten Corporate Sustainability Certification standards to which we certify our clients.

We believe that 'Doing Business the Right Way' with a systemic approach is the only way to deliver our corporate goals and create sustainable value for all stakeholders.

Our 'Ever Better' systemic approach is based on the Total Sustainability Assurance Standards, which provide the definition of what it means to be a sustainable company, end-to-end. We recognise the importance of determining and prioritising the key sustainability topics relevant to the business and our stakeholders and develop our focus areas through ongoing engagement. Processes and procedures are implemented and we report progress through this report, our website and through continued engagement with our stakeholders.

This dynamic 'Ever Better' systemic approach provides valuable insights which in turn enable us to align our sustainability initiatives and prioritise our focus areas.

An 'Ever Better' systemic approach



Focus areas

People and Culture
More on page 73

Working with our Customers
More on page 80

Environment
More on page 86

Communities
More on page 92

Sustainability Excellence
Continued

1. Total Sustainability Assurance Standards

TOTAL SUSTAINABILITY. ASSURED.

The Total Sustainability Assurance ('TSA') programme is based on ten corporate sustainability standards that we believe define a truly sustainable organisation today. We believe that these TSA standards are the most comprehensive sustainability standards currently available.

The TSA standards form the foundation of how we approach sustainability, challenging us to view our processes and procedures through this end-to-end lens.

Ten Corporate Sustainability Certification Standards

- **Quality & Safety**
- **People & Culture**
- **Communities**
- **Governance**
- **Risk Management**
- **Compliance**
- **Financial**
- **Environment**
- **Enterprise Security**
- **Communications & Disclosures**

To see more on TSA Standards visit intertek.com/sustainability/corporate

2. Materiality

We recognise the importance of determining and prioritising the key sustainability topics relevant to the business and our stakeholders. In 2019, we conducted an independent materiality assessment to ensure that views and emerging trends are being addressed by Intertek. The methodology was aligned to AccountAbility's AA1000 Principles, the GRI Standards, IIRC, CDP, UN SDGs, DJSI and SASB guidelines. The process ensured that all relevant topics have been considered appropriately within the scope of the study.

We believe that the material topics identified remain true, although some matters have been given more prominence to reflect their increasing importance to stakeholders. We have addressed these within our Focus areas.

Our Material Topics

- **Working with customers**
- **Employee care**
- **Diversity and inclusion**
- **Environment**
- **Societal impact**
- **Human and labour rights**
- **Customer and product responsibility**
- **Compliance and legislation**
- **Privacy and security**
- **Governance**

3. Engagement

We have always understood our role in society as companies around the world have depended on us to help ensure the quality, safety and sustainability of their products, processes and systems.

Engagement with our stakeholders plays a critical role in delivering long-term success. This dynamic process provides valuable insights which in turn enable us to align our sustainability initiatives, drive progress against our Beyond Net Zero goals and prioritise our focus areas.

5. Implementation

Sustainability is about more than protecting the planet. Taking a broader view on sustainability, we empower our local teams to address solutions within their communities and create opportunities to support a promising future for the next generation.

Our Sustainability Excellence framework is underpinned by the highest standards of corporate governance, our systemic risk management processes and our continued evaluation against the TSA standards.

4. Focus areas

Evaluating both the requirements of the TSA standards and our material topics has helped to shape our sustainability strategy.

We provide an update on our progress across the four focus areas of People and Culture, Working with our Customers, the Environment and our Communities.

Although less material, all other topics remain an essential part of our ever better approach and we systematically re-evaluate them to determine whether they have become more material to the organisation or our stakeholders.

6. Reporting

Reporting on our sustainability performance indicators in a consistent and accurate manner is essential to deliver transparency.

We recognise that corporate disclosure and transparency are key catalysts for driving change.

We are committed to providing stakeholders with accurate and timely updates on our sustainability activities and performance and make every effort to produce a report that is balanced and transparent and meets their needs.

Completing external assessments and continuing to engage with our stakeholder demonstrates our commitment to continuous improvement and helps us to prioritise focus areas for the next year.

Sustainability Excellence
Continued

People and Culture

Intertek's first corporate goal is to have fully engaged employees working in a safe environment.

We truly value our people. We embrace diversity, inclusion and equality, and our success is based on a culture of trust among colleagues globally.

Our People Strategy is all about energising our colleagues to take our business to new heights. Employee engagement, human rights and worker health and wellness are core to the long-term success of our business. We strive for a sustainable workforce that is stable, engaged and committed to the organisation, our goals and objectives. We respect and protect the rights of our people across operations and throughout our business relationships.

Our Values

Our values aim to drive how we live every day, supplementing our purpose, how we conduct our business, and underpinning our desire to make the world 'ever better'.

- **We are a global family that values diversity.**
- **We always do the right thing, with precision, pace and passion.**
- **We trust each other and have fun winning together.**
- **We own and shape our future.**
- **We create sustainable growth. For all.**

Ensuring the health, safety and wellbeing of our employees

Only through having fully engaged employees working in a safe environment are we able to deliver our TQA Customer Promise.

Our aim is to encourage a culture of proactive Health and Safety ('H&S') awareness, industry best practice and continuous improvement to increase H&S performance globally. Our Group-wide 'General Safe Working Guidelines' provide the basis for a common and aligned H&S standard for all Intertek sites.

This includes a dedicated fire warden, first aider and H&S representative at each location. These representatives are empowered not only to investigate incidents and implement preventative and corrective actions, but also to disseminate safety information through training and targeting continuous improvement.

With dedicated reporting each month for country and business lines supplemented by inclusion in the 5x5 analysis for every site, our global network of H&S 'Champions' supports continuous improvement. By improving our H&S communication network, we not only have a known contact person in each country and location but also a means of channelling and sharing information and programmes globally.

The Group reacted with precision and pace to the global pandemic and the implications for our employees, forming a Group Covid-19 response team as well as regional teams with the ability to escalate urgent questions and plans for review and approval. To support our employees further we launched a new and enhanced Group-wide Health & Safety policy, business continuity planning for smart home working and policies on social distancing, hygiene and sanitation as well as personal protective equipment and temperature checks.

We are proud of the passion and commitment our employees have shown to ensure that the essential services we provide to our customers were not disrupted during the Covid-19 pandemic.

With activities normalising in 2021, we saw increased levels of Hazard Observations principally reflecting the increased activity levels across our sites as Covid-19 restrictions eased. We believe the increase in First Aid reporting and Lost Time Incidents are linked to greater awareness and our rigorous approach to reporting and analysis. Though incidents increased year-on-year, a comparison to 2019 shows a decrease of 21%.

Sadly, one fatality was recorded in the United States. This occurred when a Driller Assistant from our Building & Construction business line came into contact with a moving auger.

0.51
Total Recordable Incident Rate ('TRIR')

Group[1]	2021	2020	% change
Hazard Observations	19,172	13,279	44%
Near Misses	3,044	2,852	7%
First Aid	1,043	1,000	4%
Lost Time Incidents	120	65	85%
Medical Treatment Incidents	101	108	(6%)
Fatalities	1	–	+1
Total Recordable Incident Rate ('TRIR')[2]	0.51	0.40	11bps

1. Data captured for the Group consists of individuals engaged through Intertek contracts of employment (full- and part-time and those on fixed-term contracts of employment). Excludes JLA and SAI Global Assurance.
2. Rate refers to the number of Lost Time Incidents, Medical Treatment Incidents and Fatalities occurring per 200,000 hours worked.

Sustainability Excellence
Continued

The health and safety of our employees and contractors are the utmost priority at Intertek. All of our businesses have robust health and safety training programmes during our induction/on-boarding process, emergency responses procedures, intervention and reporting of hazard observations, near misses and safety incidents. We continue to provide appropriate personal protective equipment and continually expand on existing programmes and controls to improve the health, safety and wellbeing of our colleagues.

We are also committed to the continuous review, monitoring and improvement of our H&S performance. Our target remains for our TRIR to equal or be less than 0.5. This target is part of the next phase of our health and safety cultural journey and supports our continued aim to achieve zero lost time incidents.

Workplace mental health
At Intertek, we consider the health, safety and wellbeing including mental health of our employees, clients and third parties connected with our business to be of paramount importance.

For our employees, we created and launched KINDNESS – a pioneering programme designed to boost overall wellbeing, including mental health throughout Intertek. The programme has been widely followed and feedback so far has been very positive.

Covid-19
For us, the health, safety and wellbeing of our people is always our first priority. True to our commitment to put in place the right protections for our people at the right time, we put in place our Covid-19 Employee Health & Wellbeing Policy in early 2020 and have updated it regularly as circumstances and our understanding of the virus have changed.

A number of employees have become ill during the pandemic and it is a matter of great sadness for the whole of the Intertek family that we lost colleagues to the virus. Support was given to the families of these colleagues and to their grieving colleagues and our thoughts are with them.

See more at intertek.com/about/update-on-COVID-19

Talent attraction, reward and recognition
We reach out to prospective employees in a variety of ways, depending on location and role, in compliance with local regulations for fair recruitment practices and equal opportunities. We post vacancies on our website (intertek.com/careers) and employ various ways of sourcing talented people. These include recruitment agencies, social media, printed advertisements, employee referrals, professional bodies and associations, schools, colleges and universities. We are committed to recruiting talent local to our operations where possible. To offer career growth and progression within the Group, we seek wherever possible to fill vacancies from within the business first.

We fully recognise the importance of employee engagement in driving sustainable performance for all stakeholders. In order to measure our employee engagement, we follow the Intertek ATIC Engagement Index which is based on the key drivers of sustainable value creation within our differentiated ATIC business model and which measures engagement on a monthly basis in every operation with the following metrics: Net Promoter Score, Customer Retention, Quality, Voluntary Permanent Employee Turnover and Total Recordable Incident Rate. For 2021, our ATIC Engagement Index score was 79.9%, reflecting a more normal year in respect of our Voluntary Permanent Employee Turnover which impacted the score. We believe engagement levels across the Group are high and our target is to achieve an engagement index score of 90% moving forward.

During the year our Voluntary Permanent Employee Turnover rate returned to similar levels seen prior to Covid-19 with a rate of 13.0%, which is well within acceptable industry standards. As we progress our People Strategy we will continue to aim for a rate below 15%.

Talent management
To seize the exciting growth opportunities arising from our Total Quality Assurance ('TQA') value proposition, we continually invest in the growth of our people. We aim to hire, inspire, engage and retain the best people to power our 5x5 strategy, providing the skills to grow our business.

With an 'ever better' mindset we encourage our people to continuously learn new skills that help advance their careers and deliver our TQA Customer Promise. Our talent-planning process is critical to our future success in delivering our strategy and fostering our culture and values throughout Intertek.

The Board as a whole is responsible for ensuring that appropriate human resources are in place to achieve our long-term strategy and deliver sustainable performance. Global talent and succession planning for the Leadership Team are discussed regularly.

In employment-related decisions, we comply with all applicable anti-discrimination requirements in the relevant jurisdictions. We have zero tolerance for discrimination and harassment.

Reward and recognition
Reward plays a key role in attracting, motivating and retaining talent. Intertek is compliant with minimum wage and mandatory social contributions requirements in all jurisdictions where we operate.

At Intertek, remuneration for all employees follows the same policy and principles as for the senior executives. The Remuneration Committee has oversight of this and you can find more information on pages 138 to 144.

We depend on local management to define and maintain competitive compensation practices that appeal to both existing and future talent.

All employees are remunerated in accordance with local policies and guidelines. The remuneration comprises elements which are fixed, and in some cases, variable. The fixed elements are base salary and benefits including pensions, where applicable. The variable elements include incentives, both short- and long-term.

Across the world, employees who are eligible for a bonus follow the same metrics thus creating alignment on our strategic goals throughout the organisation.

We take every opportunity to recognise great performance across the business through our internal channels.

Case study

Spreading Kindness around the world

Our colleagues' safety and wellbeing are our #1 strategic priority, so last year we were delighted to launch a new global wellbeing programme called 'Kindness'. Kindness is an online resource that helps each of us to make sure that we do the simple things that help build our own personal strength and resilience – enabling us to re-energise, boost our wellbeing, and unleash our potential.

In 2021, we have built on the programme by launching a number of local Kindness-inspired initiatives around the world. For example, Intertek Hong Kong worked with the Hong Kong Federation of Youth Group ('HKFYG'), a Hong Kong NGO that provides youth services, to put together a Wellness CheerUp Kit containing a wide range of items including eye masks, Chinese Herbalist-prescribed tea bags, beautiful Chinese poems with candies, a Zentangle drawing exercise that combines meditation with art, and thank you cards to show our appreciation to our colleagues for their hard work.

In October, Intertek Thailand launched an Employee Assistance Programme ('EAP') with an outsourced online counselling service, iStrong Mental Health Solution, to support employees' mental health. The programme is part of their local initiatives under our Kindness programme, and aims to help colleagues balance the pressures of work with their needs at home and in their personal lives. The counselling services are provided by professional well-trained counsellors and are strictly confidential.

Other local Kindness initiatives during the year have included a series of webinars organised by Intertek South Asia to support employees with their health and wellbeing, along with the opportunity to access professional confidential counselling where needed. Virtual wellbeing sessions were also organised in the MENAP region, covering the topics of mental health, yoga, cancer awareness, and health and nutrition.

Sustainability Excellence
Continued

Skills development
We believe in personal growth for every employee and we know that when each of us is growing and developing, we move faster along our good-to-great journey. Over the years we have made great progress with our Leadership Development agenda.

We now have in place many Group-wide programmes to support this agenda including talent planning processes, the 10X Journey that provides structure for individual growth planning, our 10X Energies that help define winning behaviours and '10X Way!' training to help address key development and training needs. There are many more programmes across the business, providing in-house and external learning opportunities.

All Group employees have access to our '10X Way!' platform or an alternative Learning Management System, enabling them to complete their onboarding, access our '10X Way!' training, and complete mandatory Code of Ethics and compliance, CyberSecurity and Core Mandatory Controls training.

282,600
e-training hours completed through our Learning Management Systems

As we operate across a wide range of sectors, different types of technical training, education and support are required. We offer:

- Apprenticeships
- Internship programmes
- College degrees
- Professional qualifications
- Formal and informal workshops and seminars
- Coaching

Hours spent participating in these training programmes is not currently tracked.

At Intertek, our leaders strive to be of the highest quality in the industry and we believe in the spirit of 'ever better' and know that the ability our leaders have to develop and grow employees in their teams is one of the biggest factors that will influence the exciting growth journey we have ahead of us.

All employees receive adequate coaching, development and training to ensure they are fully competent to carry out their role.

100%
of our employees are offered, as a minimum, yearly discussions on growth and development

Protecting human rights
We are committed to ensuring that our employees are subject to fair working practices and are treated with respect. Within our business, the rights of our employees are respected by the implementation of our Labour and Human Rights policy and Code of Ethics. Intertek's policies and codes are based on and fully respect the International Bill of Human Rights and the International Labour Organization's declaration on Fundamental Principles and Rights at Work and the Children's Rights and Business Principles.

We continually review our approach to human rights to reflect legal developments, emerging issues and to meet societal expectations.

Our Code of Ethics training aims to educate all employees about potential integrity issues, including human rights, bribery, corruption, non-discrimination and employee relations. The Code of Ethics contains clear guidance on the grievance mechanisms and whistleblowing procedures that we have in place. Further information can be found on page 168.

Our Modern Slavery Act Statement, outlining the steps we are taking internally, in our supply chain and through partnerships and advocacy to avert modern slavery and human trafficking is available on our website.

Read more at intertek.com/about/compliance-governance

Employee representation and consultation
We respect the rights of our employees to form and join trade unions and take part in collective bargaining where this is accepted by local law.

We also take care that employee representatives do not suffer discrimination and that they have open access to members in the workplace. We strictly adhere to tariff structures and arrangements negotiated with trade unions, while we also inform and consult employees on relevant business activities: for example, we respect statutory minimum notice periods and give reasonable notice of any significant operational changes in line with local practices and labour markets. Our affiliates' communication and consultation processes are tailored to local needs.

33% of our employees are represented by independent trade unions or employee representative bodies. We do not report information on employee union membership due to differences in national legislation in countries where we operate.

Case study
Kickstart programme

We are committed to supporting the UK Government Kickstart scheme, an initiative designed to help young people between the ages of 18 and 24, who have experienced unemployment, access work.

Kickstart funds six-month placements with firms for young people who are claiming Universal Credit and are at risk of long-term unemployment.

Our Intertek Checkpoint business supplies Total Quality Assurance services to the Travel and Leisure industry, and is based in Stevenage. Intertek Checkpoint was successful in securing a grant for five placements and have filled four of them so far.

They have also worked closely with a local training company, who assisted in the application, shared connections with the local job centre, and are facilitating 'employability' training for each kickstarter to enhance their CVs in order to help secure employment in the future.

By supporting the Kickstart scheme, Intertek Checkpoint have been able to augment their workforce with young, bright and enthusiastic people.

Sustainability Excellence
Continued

"Diversity has always been at the heart of who we are and will continue to provide the power behind our success in the future."

Inclusion, diversity and gender equality
Embracing all talents

At Intertek, achieving 'ever better' performance depends on being constantly open to pioneering new ideas that enable us to improve what we do and how we do it. For us, this means having an organisation that is truly diverse and inclusive in ways that extend far beyond the 'standard' measurements of race, nationality and gender.

Intertek has a history that goes back over 130 years, evolving from the combined growth of a number of innovative companies from around the globe. Diversity has always been at the heart of who we are and will continue to provide the power behind our success in the future. With team members from over 100 countries – all with different backgrounds, cultures and beliefs – our diverse workforce makes us the leading company we are today.

We demonstrate that we are an inclusive and diverse global family by applying all employment policies and practices in a way that is informed, fair and objective. This covers all policies relating to recruitment, promotion, reward, working conditions and performance management.

Our Inclusion and Diversity policy facilitates a culture of inclusiveness where people are able to perform at their best, where their views, opinions and talents are respected, harnessed and not discriminated against. We are committed to maintaining the highest standards of fairness, respect and safety.

As a business we want to ensure that we have the right capabilities to deliver our strategy. We recognise the value that individuals of different backgrounds and capabilities bring to the business. Our diverse workforce helps us to understand, communicate and trade with our vast client base through their understanding of local issues and cultures. They add value in assuring our services are tailored to our customer needs, which underpins sales growth, customer retention and satisfaction.

We recognise the importance of gender diversity, in management and across all levels of our business. Following the conclusion of the Hampton-Alexander Review, as well as supporting gender diversity on our Board, we continue to contribute our data on the gender balance across our senior executive team and their direct reports to the FTSE Women Leaders Review and detail it in the table below. The data for 2021 reflects organisation changes which have resulted in fewer layers in the leadership structure.

We will continue to promote and endorse fair, consistent and thoughtful working practices that are in accordance with our values. At Intertek, we are proud to be an equal opportunities employer. We consider all qualified applicants for employment regardless of gender, ethnicity, religion, age, disabilities and other protected characteristics.

We also ensure that men and women are paid equally for doing equivalent roles and we are committed to a number of measures to ensure we provide an energising workplace, free of any gender bias, where employees can flourish based on their talent and effort. To strengthen this, we ensure that our shortlists of external hire candidates have a balance of gender diversity.

We remain committed to equality, and provide flexible working where possible and provide mentorship to women to address the gap in gender numbers at senior levels. It is vital that our workforce represents the best available talent, reflects the communities in which we operate and is free of gender or other biases.

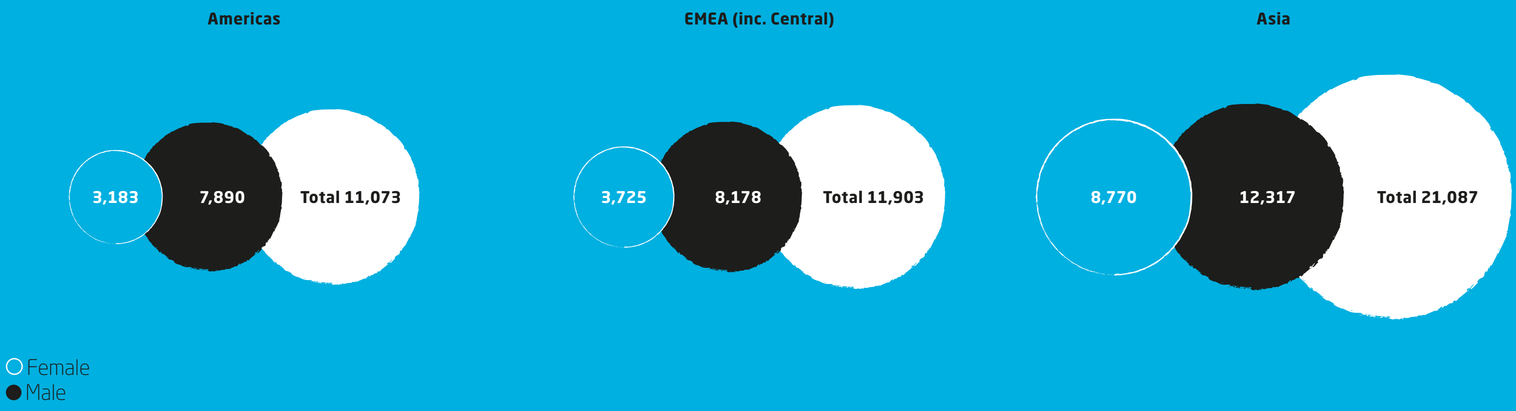
	2021[1]		2020[1]	
	Male	Female	Male	Female
Board	6	3	7	4
Executive Management Team ('Exec')[2]	17	2	9	2
Direct reports ('DR')	207	65	83	26
Combined: Exec + DR	224	67	92	28

1 Data relating to the Board and the Exec and DR is as at 31 December and as at 31 October of each year, respectively.

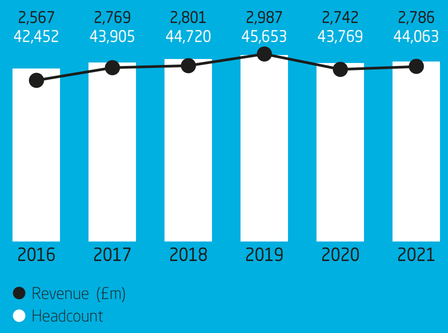
2 As defined by the FTSE Women Leaders Review. This comprises the CEO and his direct reports (N-1).

Our Intertek TQA Experts

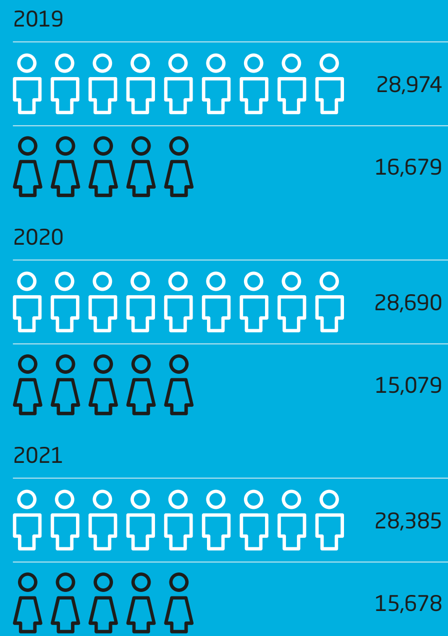
Gender by region



Revenue and headcount



Total employees by gender



Sustainability Excellence
Continued

Our 'Embracing Diversity' model

We promote diversity in all its forms, including gender parity, sexual orientation, disability, as well as having an ethnic and social makeup that reflects broader society.

Diversity measured

Gender diversity

We are determined to develop and retain more women in senior roles.

2021 update

- 6% increase in women in senior management roles since 2017.
- 36% of our global TQA Experts are women.

Our goals

Improving gender balance is critical for us. We continue to focus on gender diversity by attracting, developing and retaining more talented women, particularly at senior levels. The percentage of women in senior management roles has continually increased over the last five years and we continue to pursue our goal to increase this to 30% by 2025.

Diversity measured

Talent across all generations

We value all of our colleagues, regardless of age, and have practices in place to develop and retain workers of all ages.

2021 update

The technical expertise needed in many parts of our complex business is acquired over several years which is reflected in a relatively high average age in parts of our Group. The overall average age is 40.

Our goals

We will continue to develop proactive approaches to recruitment to ensure we have an age-diverse and balanced employee age profile.

Diversity measured

Disability inclusion

Adopting a universal design mindset.

2021 update

We believe that in order to create rapid, system-level change specific to disability inclusion and equity, we must actively seek out opportunities to collaborate with other businesses who hold the same values and are equally committed to affecting change.

Our goals

To adopt a disability inclusive mindset as well as deliver on our commitment to the Valuable 500. This is centred around incorporating disability inclusion criteria into the full spectrum of products and services we offer our clients.

Diversity measured

Cultural diversity
(arising from country of origin)

Cultural diversity supports our global business and is key to our success.

2021 update

Our global workforce is representative of the countries in which we operate and our senior leadership represents 48 different nationalities.

Our goals

We are committed to cultural diversity and will ensure that Intertek's colleagues are representative of the countries where we do business.

Sustainability Excellence
Continued

Case study

Valuable 500 – changing business around the world

Furthering our commitment to a more inclusive future for people living with disabilities

As a purpose-led company, Intertek's mission is to make the world a better, safer and more inclusive place. We bring Quality, Safety and Sustainability to life through the work we do, not only for our own business but also for our clients' businesses worldwide. By joining the Valuable 500, we have confirmed our commitment to bringing about systemic change by adopting a disability inclusive mindset, and applying this ethos to our business and the services we offer our clients.

The Valuable 500 remains the only global community of CEOs dedicated to changing business across the entirety of the supply chain for the benefit of persons living with disabilities across the world. It is a growing community that is committed to making disability inclusion a key part of corporate agendas and using business as a force for good. To ensure this happens, each Valuable 500 CEO has agreed to make at least one public commitment to positive action.

Inclusion has long been at the core of everything we do at Intertek. Achieving 'ever better' performance depends on having an organisation that is truly diverse and inclusive in ways that extend far beyond the 'standard' measurements of race, nationality and gender. We work to ensure those with disabilities experience our culture of inclusiveness at every stage – whether they are interviewing for a position with us, or have been with Intertek for a number of years.

Supporting our clients in this area, Intertek Cristal recently launched AccessCheck, an assessment protocol which provides independent verification of how hotels, restaurants, and others in the travel, tourism and hospitality industry meet the accessibility needs of their disabled guests.

> "We were delighted to be welcomed into the Valuable 500 and will continue to create a truly inclusive workplace at Intertek, while encouraging those we work with to join us in contributing to a more inclusive world."
>
> **André Lacroix**
> CEO

Case study

Inspiring the female engineers of tomorrow

'Introduce a Girl to Engineering Day' is a digital initiative from Womengineer, a Swedish non-profit organisation dedicated to increasing the number of women in engineering. For the second year running, Intertek Sweden took part in the event, welcoming a group of seven girls between the ages of 13 and 19, who logged on to Microsoft Teams for a get-together with some of our female engineering staff. By introducing young girls to the world of engineering, Womengineer aims to inspire them to choose a career in the field. Across the country, more than 1,100 girls and 73 companies took part in the event this year.

Case study

Championing professional growth through pioneering apprenticeships

The UK Intertek Pharmaceutical Services team (Chemicals & Pharmaceutical BL) support some of the World's most innovative gene therapy companies in their drug development activities. We are proud to be part of the pioneering Advanced Therapies Apprenticeship Community that is supporting the development of the next generation of Pharma scientists.

As part of the Cell and Gene Therapy team at the new Manchester laboratory, Lucy Nash has been working as a Technician Scientist apprentice. The training programme she is taking part in has given her valuable practical experience as she continues to study towards a degree. In addition to allowing Lucy to develop professionally and personally, the role has also given her direct experience in the pharmaceutical industry.

Lucy is proud of the role she plays: "I get involved with so many different projects with clients. I don't just make brews for everyone! As an apprentice I carry out actual work, conducting stability testing for clients' drugs, such as testing the shelf life and storage conditions. The apprenticeship is really hands-on, which has grown my confidence with the practical skills I need in the workplace."

Apprenticeships like Lucy's are an opportunity to upskill our workforce as well as a route to recruiting passionate people into our organisation who will positively contribute to the global cell and gene therapy sector. Anthony Upton, Head of Bioanalysis, explains: "As a result of training provided by Intertek and the apprenticeship programme, Lucy has started working on projects, made an important contribution, and demonstrated truly inspirational and winning energies."

Sustainability Excellence
Continued

Working with our customers

Innovative sustainability services have been core to our global business for more than 100 years.

Through our leading-edge innovations and integrated Assurance, Testing, Inspection and Certification ('ATIC') solutions, we are uniquely placed to help our customers understand, achieve and validate their existing and emerging sustainability goals.

Capturing the right data to optimise operations
Identifying and managing risks that can impact our service quality is key to ensuring customer satisfaction. Our 5x5 metrics tool and processes enable the collection and review of performance metrics across the areas of sales, customers, people, finance and operational excellence that are fundamental to disciplined performance management. The 5x5 metrics provide every Intertek site and team leader with 360° insight into their business to guide their decision-making and ultimately lead to superior business performance.

Customer focus
To become the most trusted partner for Quality Assurance, we have made a promise to our customers: Intertek Total Quality Assurance expertise, delivered consistently with precision, pace and passion, enabling our customers to power ahead safely.

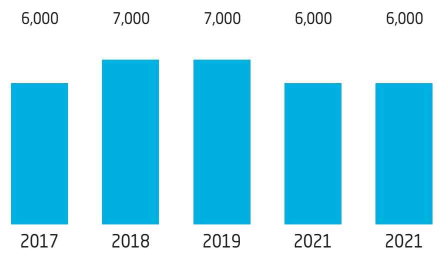
Intertek has a strong focus on customers, at all levels of the organisation, and our customer relationship management is integrated into our approach through a key account management structure and dedicated sales teams. Our Marketing & Sales Operations team works closely with business lines and country leadership to drive continued improvements across marketing, sales and digital tools to ensure that every aspect of customer engagement aligns with our TQA Customer Promise.

Customer Promise
Intertek's Total Quality Assurance expertise, delivered consistently with precision, pace and passion, enabling our customers to power ahead safely.

Listening to our customers
Since 2015, we have used the Net Promoter Score ('NPS') process to listen to our customers. These insights give us a deep understanding of what our customers need and want, fuelling our innovations. Our customer interviews keep us laser-focused on delivering an 'ever better' service. During 2021, we continued to conduct an average of 6,000 interviews each month.

We will continue to aim to conduct at least 6,000 NPS interviews per month.

Average NPS interviews per month



Accelerating positive sustainability impact
Recognising the importance of sharing our own sustainability journey with our customers, we actively engage with requests to support individual sustainability and carbon performance assessments.

EcoVadis recently awarded us with a Silver EcoVadis Medal, placing us in the top 25 percent of companies assessed by them.

We aim to collaborate as a trusted supply chain partner to deliver improvements over the long-term and accelerate sustainability impacts.

Channels of customer interactions

- Customer meetings
- Workshops and seminars
- Emails and phone calls
- Social media communications
- Web enquiry responses

Sustainability Excellence
Continued

Supporting our customers with their sustainability agendas

Innovative sustainability services have been core to our global business for more than 100 years.

Through our leading-edge innovations and integrated Assurance, Testing, Inspection and Certification ('ATIC') solutions, we are uniquely placed to help our customers understand, achieve and validate their existing and emerging sustainability goals.

Case study

Supporting Saudi Arabia's vision for a thriving economy

Since 2016, Intertek Saudi Arabia has supported the Inspection Technology and Quality Assurance National Institute (ITQAN) by sponsoring more than 100 high-school graduates through one of its training programmes. An independent, not-for-profit training institute, ITQAN aims to inspire young Saudis with a passion for excellence through world-class training. The Intertek-sponsored training is in the field of testing, inspection and certification, and qualifies its graduates to work in the energy sector. This is not only helping to meet market needs; it is also contributing to community growth, helping to reduce unemployment and supporting the Kingdom's workforce and nationalisation efforts in line with Saudi Vision 2030's goals for a thriving economy and vibrant society.

Case study

Promoting quality and traceability of face masks

Since the outbreak of Covid-19, sky-rocketing demand for face masks has resulted in sub-standard and counterfeit masks as well as fraudulent testing reports plaguing the market.

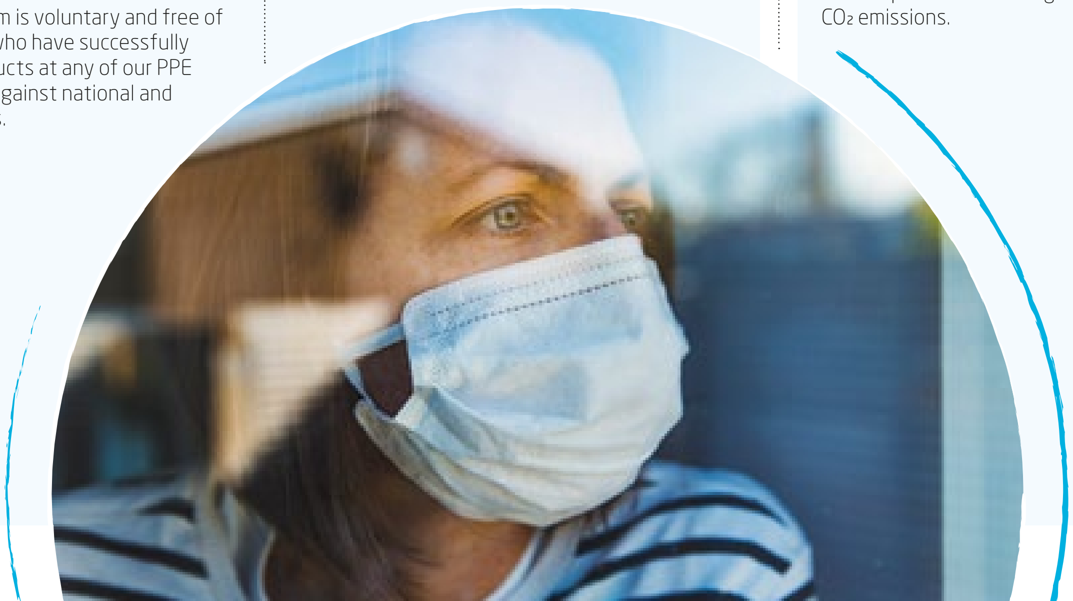
It is often difficult for buyers and wearers alike to identify safe and quality mask products. They could only trust the testing reports provided or claims on the packaging of masks without any means to validate them.

To help our customers communicate the verified quality and performance attributes of their masks while promoting quality and traceability of mask products on the market, Intertek Softlines has created an innovative Mask Label Program. Using a label that shows the testing standard or the guidance and classification attained, this also features a unique QR code that links to verified information, including a full testing report, on our PPE Centre of Excellence Directory.

The Mask Label Program is voluntary and free of charge for customers who have successfully tested their mask products at any of our PPE Centres of Excellence against national and international standards.

An example: Mask Label of Chargeurs

CHARGEURS • PCC
FASHION TECHNOLOGIES



Case study

Lab invests in more sustainable food-testing techniques

Intertek Poland has implemented a new range of accredited testing techniques that are enabling us to significantly reduce energy consumption at our Food Laboratory. This is directly in line with our commitment to enabling a safer and more sustainable future for the food industry, while minimising the use of resources.

The new equipment now being used includes a 3M™ Molecular Detection System ('MDS') based on loop-mediated isothermal DNA amplification ('LAMP') technology to cut the time taken to deliver salmonella-analysis results from 72 to just 12 hours. It simultaneously drives important reductions in the use of energy, consumables and manpower.

The lab has also started to use 3M™ Petrifilm™ Plates for the microbial testing of food, which also significantly reduces energy and water consumption while driving down waste and CO_2 emissions.

Sustainability Excellence
Continued

Case study

Assuring natural and sustainable practices in growing areas

Intertek SAI Global has developed a Bio-Inclusive protocol called PROOF (Protection and Recovery of Original Fauna), for the agriculture production industry. Aimed at assuring natural and sustainable practices in growing areas, this protocol is designed to protect wildlife, the environment, to recover flora and fauna in cultivated areas, as well as to produce healthier products, and preserve biodiversity. Intertek SAI Global has also developed a robust certification system to ensure members meet all the standard's requirements.

The farms participating in this innovative initiative in Spain have reduced water consumption, energy consumption and have reduced the need for phytosanitary treatments almost completely, minimising toxic load. As a result, there has been a marked improvement to natural ecosystems and biodiversity on the farmed areas.

Case study

Helping PANGAIA become earth positive

PANGAIA is a material science brand that uses as many organic, natural and sustainable resources as possible in its everyday essential garments. Examples include a down-fill material made from wildflowers (FLWRDWN™) and a biobased textile created from food waste, turning banana leaf fibre, pineapple leaf fibre and bamboo (FRUTFIBER™).

One of the company's key goals is to become more earth positive and it aims to put more back into the environment than it takes. Our team helped PANGAIA make measurable progress towards this. We developed a vendor manual that considered sustainability and Quality Assurance at every stage, from vendor selection through to manufacturing and product launches.

We have also offered ad hoc support on topics including claim validation, recycled content, compostability and biodegradability, water wash evaluation and product shedding/waste.

Case study

Intertek is accredited to certify the Global Organic Textile Standard ('GOTS')

The USA's ANSI National Accreditation Board, which plays an important role in ensuring the safety and quality of goods and services and in protecting the environment, has accredited Intertek Business Assurance as an approved certification body for the Global Organic Textile Standard ('GOTS').

As well as defining high-level environmental criteria along the entire organic-textile-supply chain, GOTS also requires compliance with social criteria. As such, it sets the international benchmark for a common understanding of environmentally friendly production and social accountability in the organic textile sector.

Case study

Flooring company gains standard to demonstrate responsible sourcing

When Aspecta wished to let its customers know about the social, ethical and environmental approach it takes to sourcing materials, it engaged Intertek Assuris to help it attain the BES 6001 Framework Standard for Responsible Sourcing.

The company, a member of global flooring manufacturer HMTX Industries, saw this as a key step to complement its existing quality systems and strategic sustainability activities.

Following our appointment, we brought together the wide-ranging evidence required to achieve the 'Good' level of certification and position Aspecta as an industry leader in ethical performance. This has given the company an important differentiator in its market that enables it to clearly demonstrate its commitment to sustainable business practice.

Sustainability Excellence
Continued

Case study

Lundin Energy is first client to achieve CarbonZero certification

The new Intertek CarbonZero™ solution, launched during 2021, provides additional value to the unique CarbonClear™ programme we launched in 2020 to give organisations across many industries access to an independent third-party certification that verifies actual emissions incurred per unit produced.

Now, with CarbonZero™ we can certify the achievement of carbon neutrality by adding verification of carbon capture or reduction investments to CarbonClear™ certification. This is enabling companies across the world to market qualifying products and services as Intertek CarbonZero™ verified, so demonstrating auditable progress towards carbon neutrality.

Lundin Energy, one of the world's leading oil and gas exploration and production companies, had added to its success in becoming the world's first organisation to gain CarbonClear™ certification, by being first to gain CarbonZero™ verification as well. The achievements relate to both the Edvard Grieg and Johan Sverdrup fields offshore in Norway. All of Lundin Energy's net production at Johan Sverdrup holds the CarbonZero™ mark and is sold as carbon neutrally produced, which is a world first.

Investors, traders, regulators and all other stakeholders can find details of all certifications on Intertek's Global Sustainability Certification Directory (sustainabilitydirectory.intertek.com/home.)

Case study

Driving sustainability and safety with bioinformatics

More sustainable ways of producing food are urgently needed, leading companies to explore new methods of producing edible and nutritious goods. By providing innovative solutions for companies to analyse genetic and genomic information of their novel products, we assist with obtaining regulatory approval and offer a way to address safety concerns ethically and sustainably using the latest science.

Intertek Assuris's bioinformatic assessments are allowing companies to characterise and demonstrate the safety of innovative microorganisms and microbial-derived products. They evaluate aspects such as antimicrobial resistance, pathogenicity, toxigenicity, and allergenicity and provide an alternative to animal-based studies.

Case study

Helping REWE Group assure the sustainability of its materials

Intertek helped retail and tourism co-operative REWE's Far East procurement arm assure the sustainability of an item in its clothing range. It needed third-party confirmation on whether a quilted men's jacket was genuinely made from recycled polyester, and if the material had been sourced from rPET bottles.

Our work comprised a Textile Exchange GRS (Global Recycled Standard) audit and due diligence testing (a rPET verification test), offering REWE proof that recycled content was present from the source in raw materials.

Case study

Employing indoor air quality testing to reopen schools

The Covid-19 pandemic has highlighted the impact that effective ventilation and air filtration can have on disease prevention and our general health and wellbeing. Yet issues such as a lack of funding or deferred system maintenance can cause indoor air quality ('IAQ') to fall below an acceptable level.

In anticipation of the return of classroom learning for more than 50,000 students, Washington's largest public school district, Seattle Public Schools, wanted to evaluate and improve the IAQ across its 100+ schools. Together with district staff, Engineering Economics Inc. ('EEI'), Intertek Building & Construction conducted a systematic evaluation of each school's ventilation system to help create a better learning environment.

Once EEI's health risk-reduction recommendations had been implemented, our Intertek building scientists and industrial hygienists performed IAQ testing across the premises. Our work was able to confirm the effectiveness of measures and acted as a quality control check to ensure no space was left under ventilated.

Sustainability Excellence
Continued

Case study

Supporting the development of more sustainable medicines

Hydrofluorocarbon (HFC) propellants used today in pressurised metered-dose inhalers (pMDIs) have global warming potential (GWP) many times that of carbon dioxide. This is driving the pharma industry and governments to look for new ways of making effective inhaled drugs such as those to treat respiratory diseases like asthma, without the harmful environmental impact.

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The Intertek Melbourn team, who are based near Cambridge, UK, are playing a key role in this effort by helping clients to develop new inhaled medicines, or reformulate existing pressurised pMDIs, using more sustainable approaches, such as formulating with new propellants (e.g. HFA-152a and HFO-1234ze) with lower GWP.

Current projects in the laboratory involve developing novel delivery systems such as dry powder inhalers and soft-mist inhalers or reformulating existing inhaled drug product with new low GWP propellants.

Case study

Quantifying BASF's sustainable synthetic leather claims

Intertek China helped BASF, the world's largest chemical producer, prove that its unique Haptex® synthetic leather is a significantly more sustainable alternative to solvent-based polyurethane and other synthetic leathers.

We carried out a Life Cycle Assessment ('LCA') on Haptex®'s complete value chain, from chemical production to the finished synthetic leather products. Additionally, the LCA calculated and measured the greenhouse effect, cumulative energy demand and water consumption data of this innovative material.

This process helped BASF unequivocally prove that Haptex®, which is made without organotin catalysts or plasticisers, uses 30% less water and requires 20% less energy to produce than traditional synthetic leather, resulting in a 52% reduction in Greenhouse Gas emissions.

Case study

Supporting a global initiative to end hunger and poverty

Intertek's AgriTech team is working with global research partnership CGIAR to identify routes to a food-secure future for all. Its network of world-class researchers is dedicated to identifying sustainable ways to improve natural resources and empower local food producers, aiming to alleviate poverty and nutrition insecurity.

We've been a proud partner of CGIAR since 2017, offering High Throughput Genotyping lab services. We have been able to aggregate volumes by working together, allowing us to offer services to developing countries at an affordable price and fulfil our commitment to Corporate Social Responsibility.

Our AgriTech team is also working with the CGIAR Excellence in Breeding ('EiB') Platform, which works across CGIAR and national partners to accelerate the modernisation of crop breeding programmes that serve farmers in low- and middle-income countries. Our work with CGIAR is ensuring local farmers can feed their communities without compromising the climate.

Photo by Dr. Kristofer Vemling

Sustainability Excellence
Continued

Case study

Using oceanographic modelling to harness clean energy from tides and oceanic currents

We are a preferred supplier of Minesto, a Swedish marine energy technology developer, to offer technical support on its advanced oceanographic modelling projects. Our Energy & Water team will also work alongside the Swedish Meteorological and Hydrological Institute ('SMHI') and tidal energy experts from the universities of Bangor, Plymouth, Cardiff, Swansea and Manchester.

Minesto's innovative 'Deep Green' technology allows clean, renewable energy to be generated from tidal and ocean currents, even at low current speeds. Its devices are being trialled or used across the world, from the UK to France to Taiwan, and Minesto has forged partnerships with sector giants such as EDF.

Over the next three years, we will provide specialist technical services, including tidal current resource modelling, array energy extraction modelling, ocean circulation modelling, sediment transport modelling, and extreme and operational wave modelling.

Case study

Bringing renewable power from Australia to Singapore

Intertek's Energy & Water team is working with Sun Cable, the largest solar energy infrastructure network company in the world, to oversee the quality control and safety of the Australia-Asia PowerLink – a proposed 4,200km marine cable that will direct renewable solar energy from Northern Australia to Singapore.

Our experts will provide a Total Quality Assurance solution, comprising a marine hydrographic, geophysical and shallow geotechnical survey and marine consultancy, that aligns with the client's safety, health, environmental and quality vision and technical specifications.

This complex offshore infrastructure project will connect a 10GW solar farm in Elliott, in Australia's Northern Territory, to the Darwin and Singapore grids, offering them renewable energy and extra battery storage. The project will help Singapore meet its Paris Agreement Greenhouse Gas reduction targets, by providing enough renewable energy to cover up to 15% of the country's energy needs.

Case study

Helping Greenlink secure the marine consents for its proposed interconnector

We have helped Greenlink secure the marine consents in Ireland and Wales for its €500 million (£420 million), 190km Greenlink Interconnector. This 500MW capacity interconnector will link Wales and the Republic of Ireland, allowing power to flow either way and increasing energy security for both countries.

This achievement is just the latest in our long relationship, which has focused on environmental risk management. Intertek's Energy & Water team has provided expert marine Quality Assurance solutions, including marine route development, landfall identification, survey management, environmental studies and assessment.

One of our most noteworthy de-risking strategies was to engage stakeholders early. We connected with Natural Resources Wales throughout the process, ensuring this significant infrastructure project could go ahead without compromising sensitive offshore habitats.

Case study

Providing specialist water quality modelling services to Irish Water

Intertek's Energy & Water team is working with Irish engineering and environmental consultancy, Nicholas O'Dwyer, to deliver a strategic modelling study of Cork Harbour for Irish Water.

Our work, which will include microbiological impact assessments using our industry-leading STORM-IMPACT compliance assessment tool, will help Irish Water understand how to make essential infrastructural improvements in a cost-effective and legislatively compliant way.

The project is comprised of two phases. The first will see us work with Nicholas O'Dwyer to complete a data review and gap analysis to identify essential missing information, which will be collected through dedicated field surveys. In the second, we will develop a 3D hydrodynamic and water quality model of the harbour, allowing us to carry out impact assessments of both the current and predicted future scenarios.

Sustainability Excellence
Continued

Environment

All of us have a responsibility to protect the future of the planet.

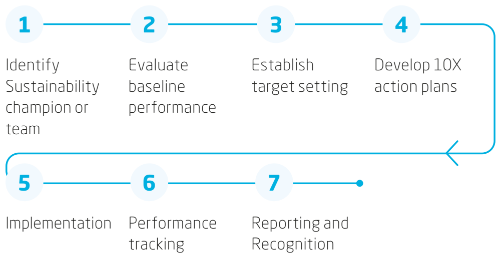
At Intertek, we look to understand our organisation's impacts on the environment and mitigate them in regard to climate change, use of resources, ecosystems, and waste management.

Our global reach spans thousands of employees, clients and suppliers. This scale represents both commercial opportunity as well as responsibility; a responsibility to our people, the communities in which we operate and the wider environment. Good management of these topics is therefore critical to meeting increasing expectations of all our stakeholders .

Intertek plays an important role in raising awareness of climate change, impacts on biodiversity and national resource constraints among our employees, suppliers and customers. As such, our aim is to improve operational and natural resource efficiency in a consistent manner across all our sites.

Governance
Environmental governance flows from the Board to every Intertek site. We monitor site-level activities across a range of environmental metrics and work with our sites to reduce energy consumption and limit Greenhouse Gas ('GHG') emissions. Governance for managing climate-related risks and opportunities across the Group is incorporated into our existing governance framework as shown on pages 53 and 99.

Intertek's part in a low-carbon economy
We recognise that we need to play our part within the move to a low-carbon economy. To make real change happen, we believe all our people need to have ownership of their carbon footprint and be empowered and inspired to take ambitious actions to reduce it – our Sustainability Excellence approach.



In 2021, we continued to track progress through our emissions dashboards which allow the regional teams to understand their total carbon emissions. The dashboards give insights to their performance and helps the teams take ownership of their environmental impacts at site level and to take actions to reduce them.

This process is supported by our Environmental and Climate Change policy, which is implemented by country management to ensure compliance with local guidelines and regulations.

Our activities across the world are diversified, with a spread of both laboratories and offices. Our carbon emissions intensity is higher in businesses that are more capital intensive, such as our global laboratory network, while our audit and office-based operations have much lower capital intensity.

Our carbon emissions reduction targets
Intertek clients depend on our safety, quality and environmental expertise to ensure their products meet global market expectations. Intertek will continue to strive for emissions reductions internally as the world's leading Total Quality Assurance ('TQA') provider.

We first set an emissions reduction target in 2017 to reduce our CO_2 emissions per employee by 5% year-on-year up to 2023. The target has remained in place during the year, however, teams are encouraged to target absolute reductions.

Recognising the importance of bold ambitions, we are setting targets to improve environmental performance across our operations. To clearly demonstrate our commitment, we are aligning our business with the most ambitious aim of the Paris Agreement, to limit global temperature rise to 1.5°C above pre-industrial levels and reach net zero by 2050 for the best chance of avoiding the worst impacts of climate change.

During 2021, we have carried out both a top-down and bottom-up exercise, building on our emissions dashboards to clearly identify our baseline emissions and to enable our countries to put in place concrete measurable action plans to reach our reduction targets.

Having identified our plans we will seek to have our new reduction targets validated and approved by the Science Based Target initiative. Once validated, we will report on these in more detail.

Environmental management
The delivery of our Sustainability strategy is supported by our Group-wide Quality Management System – which is aligned with internationally recognised standards on health, safety and the environment. We operate this across 80% of our operations and, in 2021, 110 sites achieved or maintained one or both ISO 14001 and ISO 45001 (OSHAS 18001) certifications.

At Intertek, we take an 'ever better' approach to ensure our data is wholly accurate and consistent year on year. Data collection continues to improve, with over 130 users adding site-level data every month to our Global Sustainability Environmental software platform.

Energy use

Global energy use[1] by source (MWh)	2021	2020
Standard electricity	247,741	253,849
Renewable electricity	11,410	7,487
Vehicle fuels energy	30,710	40,146
Non-transport fuels energy (natural gas)	63,654	66,518

1. UK portion of total energy use was 6.4% (2020: 6.8%).

We drive actions country by country and site by site. During 2021, further sites have carried out energy audits, which have already led to energy efficiency improvements, including the roll-out of LED lighting at numerous sites and trials of new technologies.

Following the success of self-generation of energy at our Perth site, we continue to explore on-site energy generation through various projects. In addition, we will continue to source certified renewable energy, where possible and economic to do so.

Sustainability Excellence
Continued

Case study

Minerals Centre of Excellence in Perth, Australia

As a purpose-led company, Intertek's mission is to make the world a better, safer and more sustainable place. This ethos is at the heart of our Minerals Global Centre of Excellence in Perth.

The new facility features a 990kW solar system making it one of the largest rooftop solar installations in Western Australia. The system provides on average a third of the daytime power required by the laboratory. The facility also captures and recycles laboratory wastewater to conserve this precious resource.

Utilising technology and innovation with a focus on automation will provide clients with faster, more efficient analytical options without compromising on quality. With the application of sustainability through all parts of the project we are seeing improvements in energy consumption, water management and emission reductions through the harnessing solar energy.

Our progress and performance
Our annual environmental reporting cycle ran from 1 October 2020 to 30 September 2021. Intertek's reporting complies with the methodologies outlined by the GHG Protocol 'Corporate Accounting and Reporting Standard', ISO 140064-1 and the UK Government's 'Environmental Reporting Guidelines: including mandatory Greenhouse Gas emissions reporting guidance'.

We measure and report our Scope 1 and 2 GHG emissions as well as certain Scope 3 emissions covering the categories of fuel and energy-related activities, employee commuting and business air travel.

Scope 3 emissions provide valuable insights on the full emissions picture for a company. There are 15 potential Scope 3 categories, but not all are relevant to every company. An independent third party materiality assessment of our Scope 3 emissions identified that seven were relevant to our operations, and of these seven categories five were material. Since 2019 we have been widening our boundary definition of Scope 3 and reported on additional categories.

Further details on our methodology for reporting and the criteria used can be found within our Basis of Reporting document.

This is available at
intertek.com/about/our-responsibility

During 2021 we have continued to improve our performance. Scope 2 emissions have been reduced through energy efficiency measures and the gradual transition to renewable electricity.

With activities normalising, we were pleased to see direct emissions continuing to reduce, reflecting the implementation of site action plans and greater transparency within the business on the sources of our emissions.

We saw similar levels of emissions from Employee Commuting to 2020, recognising a change in habits and some intermittent Covid-19 restrictions across our regions.

Business travel remains affected by travel restrictions in place throughout 2021 due to Covid-19. We expect levels to normalise over future reporting cycles. We recognise the significant impact of transportation on the environment and are reviewing our overall approach and the influence we have to reduce our impact.

Waste management
Intertek produces relatively small amounts of hazardous and non-hazardous waste compared to other industries. This includes chemicals, test samples, paper, plastic and organic waste from our offices and laboratories. The waste is produced in varying proportions, determined by the industry or industries served by each site. We operate a number of waste management programmes across our regions. In the US, this covers 122 sites to date and a further roll-out is planned to extend the programme across the remaining US sites and expand in Canada.

The programmes are focused on connecting our sites to local opportunities for minimising how much waste we send to landfill and to increase recycling. We continue to work on improving reporting tools to tailor actions.

Asset recycling
We participate in the Hewlett Packard Enterprise end-of-use management programmes, helping us to address the social and environmental impacts of rapid innovation. By refurbishing and recycling our retired IT products, we are contributing to a circular economy that returns value to our business while helping to meet our sustainability goals.

A pilot was first carried out covering a few sites across different jurisdictions in 2020 achieving 82% of equipment being repurposed. The pilot provided central visibility of our disposal practices.

In 2021 the programme achieved 41% of equipment to be repurposed and 58% to be recycled, with 5.1mt of waste kept from landfills.

Sustainability Excellence
Continued

Emissions (Scopes 1, 2, 3)

Scope	Emissions	tonne CO_2e[1]	2021	2020
Scope 1 Direct GHG emissions	Emissions from activities for operations which Intertek owns or controls including the combustion of fuel and operation of facilities	Global (excl. UK)	57,776	60,686
		UK	2,176	2,439
Scope 2 Indirect GHG emissions	Emissions from the purchase of electricity, heat and steam purchased for our use (location-based)	Global (excl. UK)	119,367	119,679
		UK	2,670	3,188
	Emissions from the purchase of electricity, heat and steam purchased for our use (market-based)	Global (excl. UK)	121,659	123,200
		UK	488	2,151
Scope 3	Employee Business Travel (Air travel only)[2]	Global (excl. UK)	5,722	11,289
		UK	49	956
	Employee Commuting	Global (excl. UK)	35,666	56,670
		UK	1,112	2,475
	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Global (excl. UK)	6,832	6,974
		UK	236	271
	Absolute tCO_2e (market-based)		231,716[3]	267,111
	Carbon offsetting[4]		-	267,111
	Intensity ratios - Scope 1, 2 and 3 emissions			
	Operational emissions[5]			
	CO_2 per employee (location-based)		4.35	4.29
	CO_2 per employee (market-based)		4.35	4.34
	CO_2 per £m revenue[6] (market-based)		67.90	71.39
	Employee commuting			
	CO_2 per employee commuting		0.85	1.31
	Average number of employees during the reporting period		43,511	45,092

1. CO_2e – Carbon dioxide equivalent.
2. Please refer to our Basis of Reporting document for full details of scope.
3. Excluding emissions relating to SAI Global Assurance.
4. Carbon offsetting through the acquisition and surrender of emissions units on the voluntary markets.
5. Intensity ratios are based on the total of Scope 1, Scope 2 and Scope 3 Fuel- and Energy-Related Activities.
6. Revenue for FY 2021 as shown on page 3.

Sustainability Excellence
Continued

Independent assurance statement to the Directors of Intertek Group plc

Scope
We have been engaged by Intertek Group plc ('Intertek') to perform a 'limited assurance engagement,' as defined by the International Standards on Assurance Engagements, here after referred to as the engagement, to report on selected greenhouse gas performance data (the 'Subject Matter') on page 88 in Intertek's 2021 Annual Report ('the Report').

The Subject Matter comprises the following data sets in the Report regarding the sustainability performance of Intertek Group plc:
- Greenhouse gas emissions – Scope 1;
- Greenhouse gas emissions – Scope 2;
- Greenhouse gas emissions – Scope 3
  - Fuel and energy related activities
  - Employee commuting
  - Business travel
- Greenhouse gas emissions – intensity ratio.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Intertek
In preparing the Subject Matter, Intertek applied the methodology as described in the document Basis of Reporting – GHG Emissions (the 'Criteria').

Intertek's responsibilities
Intertek's management is responsible for selecting the Criteria, and for presenting the Subject Matter Information in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter Information, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE 3000 Revised)[1], Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the terms of reference for this engagement as agreed with Intertek on 6 January 2022. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality control
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control[1], Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:
1. Assessed whether all material data sources have been included and that boundary definitions, (referenced in page 88 of the Report and outlined in the Basis of Reporting), have been appropriately interpreted and applied.
2. Assessed whether the Intertek scope and definitions, (referenced in page 88 of the Report and outlined in the Basis of Reporting), for the Subject Matter have been consistently applied to the data.
3. Assessed whether site and business-level data have been accurately collated by Intertek management at a Global level, and whether there is supporting information for the data reported by sites and businesses in the Group to Intertek management at a Global level.
4. Challenged the validation and collation processes undertaken by Intertek management in relation to the Subject Matter.
5. Reperformed calculations to check the accuracy of the Subject Matter reported and the data collation processes.
6. Tested underlying documentation for a sample, based on professional judgement, of site-level data points to determine the accuracy and completeness of data points.
7. Examined the Report for the appropriate presentation of the Subject Matter, including the discussion of limitations and assumptions relating to the data presented.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to the Subject Matter as of 28 February 2022, in order for it to be in accordance with the Criteria.

Restricted use
This report is intended solely for the information and use of Intertek management and is not intended to be and should not be used by anyone other than those specified parties.

Ernst & Young LLP
London
28 February 2022

1. International Federation of the Accountants' International Standard for Assurance Engagements (ISAE3000) Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Sustainability Excellence
Continued

Case study

Building Back Ever Better one beach at a time

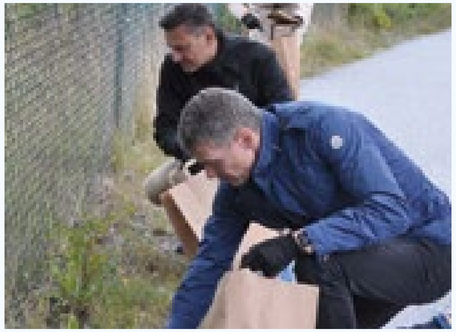
Intertek joins Great British Beach Clean 2021

A perfect complement to Intertek's track record in delivering Total Sustainability Assurance to the marine sector, colleagues participated in a beach clean event on the stunning Freshwater West beach in Pembrokeshire, Wales, in September. The event was organised on behalf of the Marine Conservation Society ('MCS') in conjunction with their Great British Beach Clean 2021 initiative.

The MCS's main focus is on improving the health of our oceans, and during the initiative data was collected from across hundreds of beach cleans along the UK's coastlines. Working alongside representatives from Greenlink Interconnector, a key Intertek client, our colleagues were pleased to survey a designated 100m-stretch of beach to quantify the most prevalent marine litter – feeding back the data points to MCS for their environmental improvement campaign. We also cleaned the entire intertidal beach area, managing to remove a total of 36kg of rubbish from the beach.

Case study

Joining the movement for a cleaner planet



Intertek Sweden hosted their very own local Cleanup Day

World Cleanup Day in September 2021 united more than 8.5 million people in 191 countries. It harnesses the power of people around the world to achieve incredible things by joining together. Local people, businesses and organisations come together to rid our planet of trash, and build bridges between communities, across all levels of society.

This year, Intertek Sweden did their bit by hosting their very own local Cleanup Day, and more than 70 people from our Kista office donned work gloves, grabbed a paper bag or two, and set out to clean up their local environment. The result was three full containers each containing an incredible 660 litres of rubbish. Our people were delighted to join in with our Keep Kista tidy day, as it not only allowed them to do something useful for the local environment, but they were also able to enjoy some time outdoors with colleagues in the middle of the workday.

Case study

Intertek joins the 'Get Nature Positive' campaign

Positioning nature at the heart of our business agenda

For millennia, humans have relied on the ability of ecosystems to provide services like protection from floods, regulation of diseases and pests, sequestration and regulation of carbon, maintenance of habitats, and provision of food and water.

With these ecosystems under threat, Intertek is proud to be a member of the 'Get Nature Positive' campaign, a voluntary coalition of businesses all committed to restoring the natural world. Founded by the Council for Sustainable Business, Get Nature Positive seeks to build momentum on nature and biodiversity by engaging with a broad cross-section of business and other organisations such as the Global Commons Alliance, the Science Based Targets Network, and Business for Nature.

Through the campaign, we have access to the Nature Handbook: a practical 'how to' guide, developed by business for business, in consultation with biodiversity experts. It is designed to help businesses better understand their impacts on nature, and determine what actions they can take today and in the years to come to protect and restore nature.

52%

of global GDP (US$44 trillion) is generated by companies that are either highly dependent or moderately dependent on nature (Source: PwC)

Sustainability Excellence
Continued

Case study

Swachh Parisar, Swachh Bharat (Clean Environment, Clean India)

Intertek India's community initiative to Build Back Ever Better

For many years, parts of the Mohan Co-operative Industrial Estate, the location of Intertek India's head office in New Delhi, were in a state of major disrepair with no proper sanitation or waste disposal. Intertek India stepped in and took the lead to improve the area with two major hygiene and sanitation improvement projects. In November 2021, the second phase was completed with creation of a vista of clean and paved roads, better hygiene and sanitation standards, safe access to the office, and a general improvement in the quality of life in the area.

Case study

Improving water quality in the Mesoamerican Reef

Partnering with the Coral Reef Alliance to understand the impact of tourism

There is an urgent need for better data on the levels and sources of nutrient pollution in the critically endangered Mesoamerican Reef ('MAR') ecosystem in the Caribbean Sea, touching the coasts of Mexico, Belize, Guatemala and Honduras. Several water quality data and monitoring programmes exist, but their distribution is patchy and uncoordinated.

Covid-19 travel restrictions and local lockdowns throughout the MAR have provided an unprecedented "natural experiment" to better understand a major source of nutrient pollution-tourism. Intertek Mexico partnered with the Coral Reef Alliance to support the implementation of a coordinated water quality monitoring programme across the MAR that quantified any changes in water quality alongside changes in tourism levels as countries re-opened their economies.

Intertek's Building Back Even Better ethos is a natural fit with the Alliance's mission to save the world's coral reefs. We share their vision and commitment to improving water quality, and continue to work with them on their regional project to answer two key questions: where is sewage pollution coming from in the MAR, and how much of it comes from the tourism industry.

> "Intertek Mexico partnered with the Coral Reef Alliance to support the implementation of a coordinated water quality monitoring programme."

Sustainability Excellence
Continued

Our community

Our global business spans more than 100 countries and, as such, we understand the huge opportunity and responsibility we have to make a positive and lasting impact on our local communities where we work.

As a business we contribute to our communities in many ways. We provide employment opportunities, volunteer, fund education programmes and support charities to benefit local communities and neighbourhoods.

Each of our countries and business lines define their own sustainability agendas, which are tied to the Group's priorities, aligned to the UN Sustainable Development Goals and focus on their local operations and communities. Our Beyond Net Zero Steering Committee oversees community investments at a global level.

In this section we provide a small selection of highlights from the many community activities that our colleagues are taking part in around the world.

74

Community projects our employees participated in focusing on education, giving back to local communities and preserving our environment

Case study

Building Back Ever Better on the streets of Portland

Litter Cleanup helps to make Oregon a better, more sustainable place

Intertek PSI hit the streets of Portland, Oregon, to help with one of many litter Cleanup events organised by SOLVE, a non-profit organisation that brings people together across Oregon to improve the environment – focusing on tree planting, and litter Cleanup.

In September, our team joined other association members and local business volunteers to pick up trash in an abandoned green space. A total of 28 volunteers worked together to collect 4,300 pounds of trash, which equates to more than two tons! Approximately 500 hypodermic needles were also disposed of properly during the Cleanup.

Case study

Making a positive impact on the local community

Colleagues at Intertek Cortland volunteer for a variety of good causes

During the year, members of the Cortland team have participated in a range of activities, including an American Red Cross Blood Drive. We hosted a corporate donation day, filling all the available appointments, bringing in 25 goods units, which could save as many as 75 American lives.

We had 13 participants in the 'One Too Many' NY 5k, which is hosted by the Child Advocacy Center in Cortland to raise awareness of and help to end child abuse. Each one ran or walked the 3.1 mile course in September, with one of our teammates winning the 'fastest walker' award. That month, colleagues also took part in the United Way's Day of Caring, in which volunteers bring the community and businesses together by revitalising community spaces, repairing buildings and walkways in our parks, and gathering food and personal items for the Wendy Thibeault Memorial Food Drive, which helped stock more than a dozen food pantries across Cortland County.

Case study

South Africa Business Assurance honours Women's Month

Paying tribute to the women of South Africa

Every year, in August, South Africa celebrates Women's Month – and 9 August is a public holiday commemorating more than 20,000 women marching to the Union Buildings on the day in 1956 to protest against the extension of Pass Laws to women.

The South Africa Business Assurance team, which is 100% female, launched a Build Back Ever Better initiative that recognised the escalating issue of 'period poverty' in the country – i.e. the lack of access to sanitary products due to financial constraints. The team rallied around to donate handbags, feminine hygiene products and much more to the Home of Hope for Girls, a non-profit organisation that offers a safe residence to children and teens who have survived abusive situations. They have 75 girls in full-time care and support 150 more through an outreach programme.

> "Your support has made a difference in aiding a better future for each and every beneficiary in our care, in restoring human dignity."
>
> **Home of Hope for Girls**

Sustainability Excellence
Continued

Case study
Helping our communities to Build Back Ever Better supports Mombasa Children's Home

Generosity of Intertek employees in Kenya supports Mombasa Children's Home
The Salvation Army Mombasa Children's Home is home to around 40 girls and boys aged three to 13 years, and acts as a safety net for children who come from disadvantaged backgrounds or have lost their parents and carers. This is a very special charity for everyone at Intertek Mombasa, as it is based on the same road as our facility.

In July, the Kenya team came together to offer donations to the Children's Home. Thanks to the fantastic generosity of our colleagues and a contribution from company funds, much was raised. The funds collected were used to purchase stationery, food, toiletries, utensils, undergarments, shoes, face masks and blankets, with all the items identified by and picked up as part of an extensive shopping exercise by local team members. The team also enjoyed the day with the children, exchanging stories and presenting them with the donations.

Case study
Intertek Malaysia gives a Christmas Gift Of Love

Bringing Christmas joy to senior citizens in the community
Christmas Gift of Love 2021 is a project that was initiated by the team at Intertek Malaysia to bring enjoyment and happiness to elderly people in their community, especially during these uncertain times. All business lines, departments, and colleagues joined the effort to help those at the Rumah Victory Elderly Home. Residents were delighted when the Intertek Malaysia team arrived with goodies for everyone. We also made a significant contribution to the Home, including a 15kg Washing Machine (which was top of their Christmas list!), essential food such as rice, noodles, cans, beverages and crackers, and household necessities, such as toilet paper, shampoos and disinfectant.

Case study
Nurturing good eco habits at school to Build Back Ever Better

Intertek Hong Kong supports the reopening of schools with verified STEM toys
Schools in Hong Kong were closed for months during the pandemic, and students, ranging from kindergartens to universities, were only able to access online lessons. However, when schools returned to more normal operation in April 2021, Intertek Hong Kong colleagues were determined to help them Build Back Ever Better, hosting STEM and Green Days at kindergartens and junior schools to welcome the pupils back.

In May and June, students watched videos on the production and installation of energy generators to help them understand the consequences of overusing energy and how to avoid it. The children also enjoyed the interactive display and environment-themed games we provided. Using STEM toys manufactured by our customers and verified with our own STEM Toy Mark, we enabled the children to brainstorm new ways to save or generate energy through natural methods.

Case study
Sponsoring the Chongming public welfare project

Intertek Shanghai supports students through to graduation
Since 2007, Intertek Shanghai and the Chongming Committee of the Communist Youth League have jointly sponsored the Chongming public welfare project. The project, known as "Study through wind and rain, Intertek accompany you" has supported 35 students from poor families.

Intertek Shanghai has not just provided financial support to the students, we have also paid close attention to their personal growth, helping them throughout their studies. The project has provided new opportunities for many students over the years and this we saw a further four outstanding students graduate and to begin the next phase of their life journey.

Sustainability Excellence
Continued

Case study

Giving back to our local communities in the US and Canada

Intertek's Season of Giving Challenge to mark the holiday season
During our 2021 Season of Giving Challenge, our sites were challenged to give back to their community by participating in a local charity drive or event. We are proud of everyone who participated as part of our Intertek Kindness programme and our Build Back Ever Better movement, as so many colleagues showed how together, we can make an incredible difference.

In fact, the response to the Challenge was overwhelming, with many of our offices across the US and Canada giving back to local families, children, seniors and animals in need. For example, colleagues from our Houston Westlake and Deer Park, Texas, locations partnered with the Houston Police Department to make Christmas possible for students at a low-income school by donating nearly 400 toys they collected through office toy drives.

In Allentown, Pennsylvania, colleagues took part in Penny Wars, a friendly competition where pennies were collected in jars around the office, with the proceeds going to the Breast Cancer Awareness Foundation, and Soup Mondays, which raised money towards 65 meals provided at the Allentown Rescue Mission's Thanksgiving dinner.

Colleagues in Arlington Heights hosted a toy drive for the local Toys for Tots chapter, donating Christmas gifts to children in need, while in Austin, Texas, volunteers from Intertek Alchemy held a successful fundraiser for the Austin Animal Center, raising $3,500 through events like a favourite pet pictures contest, silent auction, bake sale and pet portrait sittings.

Colleagues in Edmonton, Alberta, raised money to provide 174 meals for the Hope Mission Edmonton's annual Christmas dinner, and in Guelph, Ontario, our Intertek Catalyst team collected donations to benefit their local food bank's Adopt-A-Family programme, using the money to purchase stocking stuffer items for teens, tweens and adults who are clients of the food bank.

Elsewhere, our Kentwood office in Michigan took part in local community events such as 'Be a Santa to a Senior', fulfilling holiday wish lists for residents of a local nursing home, and our PSI colleagues in Pittsburgh gave back through the Salvation Army's Angel Tree programme, which has been placing gifts under the Christmas trees of participating families for more than 25 years. A similar scheme in San Antonio, Texas, provides support to women who experience domestic violence, and a Christmas celebration for families trying to recover and regroup from domestic violence.

Finally, our team in York, Pennsylvania, conducted a supply drive for the Society for the Prevention of Cruelty to Animals (SPCA) of York County, collecting and donating cleaning supplies, food, litter and towels/blankets for the animals under the SPCA's care.

Case study

Intertek takes part in 'Punkin Chunkin' to benefit local food banks

Our Electrical Laboratory in Cortland, NY, competes for food donations
The team from Intertek's Electrical Laboratory in Cortland, New York, was delighted to participate in the area's first annual Punkin Chunkin in October 2021. The event was set up to raise money and food donations for the community's local food banks, and also gave colleagues the opportunity to participate in a friendly competition with other local organisations.

The competition was held at Yaman Park, and the entry fee was a non-perishable food donation. Intertek engineers worked with other colleagues to build a slingshot capable of launching pumpkins high into the air and toward the 200-foot target. Each company that entered had ten chances to hit the mark, and the team that scored the highest number of points was the champion. We didn't take home the trophy, but the event was a huge success and we raised $3,200 in cash, plus around $2,500-worth of food items for the local food banks

Case study

Intertek's UK Sustainable Growth Agenda

Making use of 'Ever Better days' to support communities and protect the environment
Intertek colleagues in the UK dedicated an 'Ever Better day' in 2021 to volunteer their time to support a charity of their choice. A fantastic opportunity to give back to their community and the environment, the days have been used by colleagues to do good in a variety of ways.

For example, Jon Bradshaw, our Support Services Engineer, used his Ever Better Day to set up a charity fishing match alongside his local fishing syndicate. The match, along with donations from the organisers, raised a total of £3,000 for the Milton Keynes Cancer Centre. The funds raised will enable the Centre to purchase a specialist Chemotherapy chair. For Mark King, our Technician Training specialist, his Ever Better Day was an opportunity to help a local Scout group repair the lawn mower used to keep their Milton Bryan camp grounds neat and tidy. Mark had a busy day, and also helped service their chainsaw, dig up some unwanted trees, and cut them up for camp-fire fuel.

Sustainability Excellence
Continued

4 Why we do it

We are passionate about creating an ever better world for future generations

Our 44,000 colleagues are united by their shared belief in the urgent need to make the world an ever-better and ever-safer place for everybody.

We are in the early stages of a 'new normal' and are observing new trends and behaviours, as well as demand for products and services that didn't exist prior to the pandemic. Consumers want more sustainable products, supply chain simplicity, visibility and traceability of goods, new solutions for hygiene, health and wellbeing, as well as lower carbon emissions.

Our clients equally recognise that they need us more than ever before in the face of this increasing consumer and regulatory demand to deliver products and services that are better, safer and more sustainable than anything that has gone before.

Intertek is well placed to help our clients seize the opportunities created by a more sustainably-driven society, and we are truly inspired that what we do every day has a positive impact on every aspect of modern life.

We are committed to our sustainability agenda and will continue to deliver sustainable value for all our stakeholders; customers, employees, suppliers, shareholders, regulators and our communities.

Sustainability is central to everything we do and we can proudly say that Intertek is an amazing force for good.

Helping the world to Build Back Ever Better

Inspired by our purpose to bring quality, safety and sustainability to life for an ever better world, during 2021, we launched the #BBEB platform, bbeb.com, with the intention of creating community-based movement to help people in their local community space to inspire friends, family and public institutions to Build Back an Ever Better world.

BBEB is the place that makes it easy for anyone to be active on our platform, inspiring them to build back ever better by making step-by-step sustainable progress in the community, have a voice, to launch ideas that can make the world better, no matter how big or small. It could be anything from organising a beach clean or litter pick, creating a new recycling scheme, supporting clean energy, urban regeneration, helping others in need and much more. The important thing is that it's simply a better way forward.

Today, the multilingual site carries thousands of powerful stories posted by individuals across the world, highlighting inspirational initiatives from individuals, groups, communities, organisations and companies, all with the ambition of creating positive change by demonstrating what can be achieved with the right determination, focus and energy.

Build Back Ever Better

Join the BBEB movement to inspire positive change in the world.
bbeb.com

Sustainability Excellence
Continued

5

Sustainable value creation

We are an amazing force for good in the world, delivering sustainable growth for all stakeholders.

Our USP

Science-based Customer Excellence in quality, safety & sustainability.

Our Services – ATIC

The work we do today covers everything from testing toys to inspecting power stations, and from certifying vaccines to providing end-to-end Quality Assurance. Our innovation-led, end-to-end Total Quality Assurance ('TQA') value proposition is designed to support our clients 24/7. We provide a fully integrated portfolio of Assurance, Testing, Inspection and Certification ('ATIC') services to give our customers complete peace of mind for their products, services and operating systems. But the ATIC solutions we offer go beyond the quality and safety of a corporation's physical components, products and assets. They go to the heart of the reliability of their operating processes and quality management. We call it Total Quality Assurance because it enables our clients to mitigate risk at every stage of their operations.

Assurance
Enabling our customers to identify and mitigate intrinsic risk in their operations, their supply and distribution chains and quality management systems

Testing
Evaluating how our customers' products and services meet and exceed quality, safety, sustainability and performance standards.

Inspection
Validating the specifications, value and safety of our customers' raw materials, products and assets.

Certification
Formally confirming that our customers' products and services meet all trusted external and internal standards.

Our Sectors

By focusing on the three sectors of Products, Trade and Resources, we concentrate the full power of our innovation capabilities into these attractive growth and high-margin sectors.

Products
Ensuring the quality and safety of physical components and products, and risk assessment of operating processes and quality management systems.

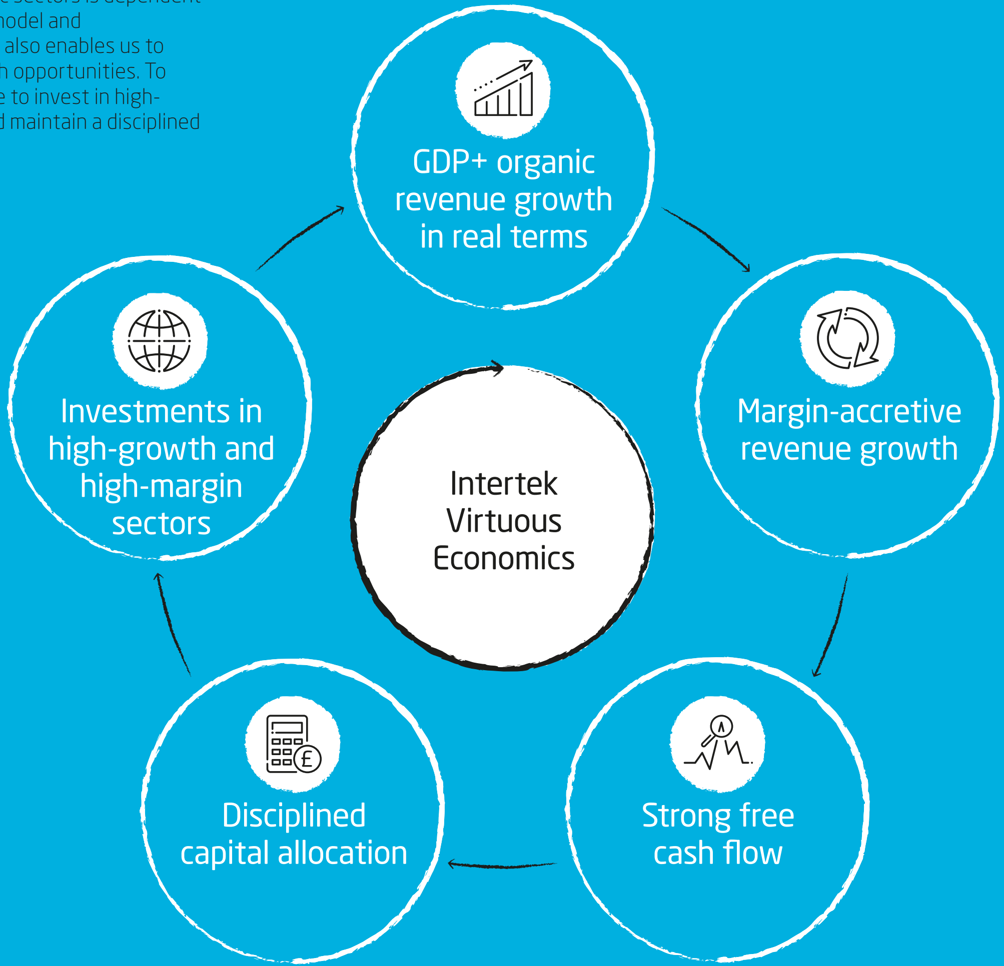
Trade
Protecting the value and quality of products during custody-transfer, storage and transportation, via analytical assessment, inspection and technical services.

Resources
Optimising the use of assets in oil, gas, nuclear and power industries and minimising risk in their supply chains through technical inspection, asset integrity management, analytical testing and ongoing training services.

Sustainability Excellence
Continued

Our Mid- to Long-Term Value Creation

Our high-margin, cash-generative Earnings model is at the core of what makes us successful. It is based on the delivery of our unique TQA value proposition. The profitable delivery of ATIC services to customers operating in the structurally attractive Products, Trade and Resources economic sectors is dependent on our capital-light business model and entrepreneurial culture, which also enables us to respond quickly to new growth opportunities. To maximise returns, we continue to invest in high-growth, high-margin areas and maintain a disciplined approach to capital allocation.



Our Stakeholders:

Creating a positive impact for our stakeholders, building trust and confidence

Employees
Our people are our most valuable asset and are critical to our success. Customer-centric and passionate about what they do, they deliver sustainable value through unmatched expertise and quality of work for our customers every day.

Investors
Our investor stakeholders include all groups that have an interest in the success and sustainability of our global business.

Customers
We deliver innovative and bespoke Assurance, Testing, Inspection and Certification solutions to our customers for their operations and supply chains.

Communities
We are focused on achieving a positive impact within the communities where we operate, supporting local causes and partnering with charities.

Suppliers
Our suppliers provide products and services that help us manage and track the performance in our supply chains.

Government and Regulators
We comply with all global, regional and local regulations.

Corporate Governance

Chairman's introduction to corporate governance pages 100 to 101

Overview

"This report has been prepared in order to provide all stakeholders with a comprehensive understanding of our governance framework and how we create sustainable growth for all."

Andrew Martin
Chairman

Governance structure

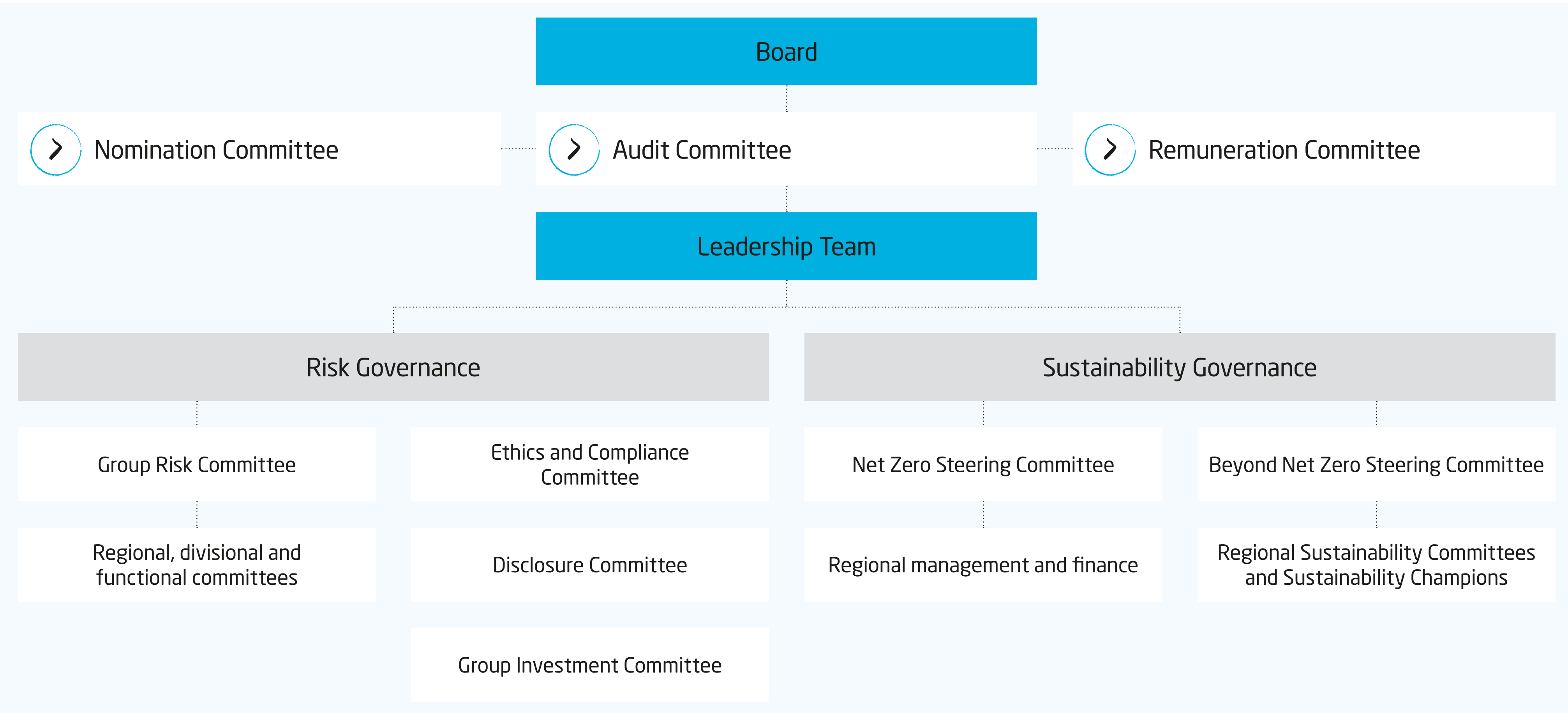
We are deeply committed to our sustainability agenda. Underpinning the delivery of our sustainability strategy is a strong governance structure, to deliver sustainable value for all our stakeholders, in particular our: customers, employees, suppliers, shareholders, regulators and communities.

Our Board of Directors is responsible for the overall stewardship of the Group and delivery against strategy, through our Leadership Team. This includes setting our values and standards, and overseeing sustainability and corporate responsibility.

Sustainability governance is delivered by two newly formed workstreams: the Net Zero Steering Committee and the Beyond Net Zero Steering Committee. The Net Zero Steering Committee, chaired by the CEO and made up of the Head of Sustainability, Chief Financial Officer, Head of Finance-Sustainability and the Group General Counsel focuses on the development of our net zero roadmap and overseeing the development of our science-based reduction targets.

The Beyond Net Zero Steering Committee, which is also chaired by the CEO and is made up of the Head of Sustainability, Group Chief Innovation Officer, EVP Marketing & Communications, Director Group Corporate Communications and the Group General Counsel, focuses on the overall delivery against our sustainability strategy. Both Steering Committees meet on a bi-monthly basis. To support the efforts of the Steering Committees, formal and informal committees led by regional management across the Group globally help to drive our regional strategies for our people, the communities in which we operate, the environment and our customers, through the dissemination of our sustainability strategy.

Our risk management and governance is described in detail on pages 167 to 169.



Chairman's introduction

"This report has been prepared in order to provide all stakeholders with a comprehensive understanding of our governance framework and how we create sustainable growth for all."

Andrew Martin
Chairman

Dear shareholder
The Board has developed a promise that defines our work and purpose at Intertek.

Looking back
When I wrote my statement last year, little did I realise that 12 months later the world would still be seriously affected by Covid-19 and that I would again be looking back on the impact it has had on our personal and working lives.

The past year has been a real test of our strategy, our high-quality business model, our people and our culture. I am pleased to report that Intertek has risen to the challenge. The Group has remained Purpose-led and our people have continued to apply our vision and to live our values, maintaining the highest levels of service to our customers. It is therefore no surprise that Intertek has delivered a strong performance of which the Board and I are both proud and pleased.

Performance accelerated through the year, revenue growth and margins steadily improving while cash generation once again was robust. We are recommending a final dividend of 71.6p making an unchanged full-year dividend of 105.8p and the dividend pay-out ratio 55%.

Sustainability
Sustainability is central to everything we do at Intertek. Being a sustainable business is more than just looking after the environment but making sure that the business and its operations are resilient, will deliver good financial returns over time while recognising the impacts we have on society and people.

Our number one priority remained the health, safety and wellbeing of our people who have not only been the key to our financial, operating and strategic progress but have also supported each other, their local communities, our businesses and customers. The Board and I recognise and applaud their commitment and resilience.

We recognise our obligation to society and champion diversity with a strong focus on recruitment, retention and development of colleagues who reflect the communities in which we work and live. A diverse workforce is one key to ensuring we deliver sustainable value to our stakeholders.

I am proud that as a business we continue to make good progress on our environmental impact.

We have signed up to the Science Based Targets initiative as we strive to be net zero carbon no later than 2050 and starting in 2021, we are planning to include our targeted yearly group carbon emission reduction in our company short-term incentive in addition to revenue, operating profit and return on invested capital. In 2021, we joined the LEAF (Lowering Emissions by Accelerating Forest finance) Coalition, furthering our commitment to a net zero future.

Once again we will report how we have applied the Corporate Sustainability Certification standards and the principles of our Total Sustainability Assurance programme to our own business. And our leading sustainability credentials have been recognised with the highest ESG rating from MSCI, the world's largest provider of Environmental, Social and Governance ('ESG') Indexes. This external validation acknowledges the work of our people supporting the sustainability agendas of our clients as well as being focused on our own internal sustainability initiatives.

Investing
To further sustainability in our business and create additional value for stakeholders, we continue to invest organically and inorganically in opportunities where we see high growth and high margins, strong cash generation and low capital requirements.

Chairman's introduction
Continued

Compliance with the 2018 UK Corporate Governance Code ('Code')

This report has been prepared in order to provide stakeholders with a comprehensive understanding of our governance framework and to meet the requirements of the Code, the Listing Rules ('LR') and the Disclosure Guidance and Transparency Rules ('DTR'). A copy of the Code is publicly available at frc.org.uk.

Page 98 sets out how this Governance section has been structured around the Code Principles.

The Board confirms that during 2021, the Company has consistently applied the principles of good corporate governance contained in the Code and has complied with the provisions apart from the following:

- Provision 13 states that the Chair should hold meetings with the Non-Executive Directors without management present. Two such meetings are scheduled every year but during 2021 these meetings included the CEO as necessitated by the business at the time. Two Chair and Non-Executive Director meetings have been scheduled for 2022 with the first having taken place in February 2022.
- Provision 38 stipulates that the pension contribution rates for Executive Directors should be aligned with that of the workforce. The pension contribution for all new Executive Directors appointed to the Board since 2018 has been aligned with that of the workforce. However, when the CEO joined Intertek in 2015 and prior to the introduction of provision 38 in the Code issued in 2018, his contract stipulated a pension contribution of 30% of base salary per annum. This is more than the pension contribution of the majority of the UK workforce. Regardless of the obligations outlined in the CEO's contract, agreement was reached with the CEO to reduce his pension from 30% of base salary to 5% over a period of five years from 2021. More information on the engagement with shareholders on this issue is outlined in the letter from the Chair of the Remuneration Committee on pages 136 to 137.

A more detailed explanation of our compliance can also be found on our website at intertek.com. The information required to be disclosed in accordance with DTR 7.2.6 can be found in the Other Statutory Information section on pages 163 to 165.

In 2021, we strengthened and expanded our capabilities through two acquisitions, SAI Global Assurance and JLA. SAI Global, significantly increases the scale and presence of our Business Assurance offering in complementary geographies, specifically Australia, USA, Canada and China and brings new service capabilities in attractive end markets. JLA provides an entry into the fast-growing agri-food and beverage testing market in Brazil and enhances our Assurance proposition to leading fast-moving consumer goods companies.

We also continued to allocate capital to internal projects for the long term, investing in innovation and our asset base to expand our Total Quality Assurance service. I am particularly proud of the EV Centre of Excellence, a new state of the art facility that will help electric and hybrid vehicle manufacturers accelerate the development of their equipment and systems capabilities. This is not the only example of Intertek combining innovation and sustainability – we also launched WindAware, a new SaaS for wind farm operations and Intertek CarbonZero for oil producers.

Governance and the Board
To underpin the successful delivery of long-term sustainable growth and shareholder value, we are committed to high standards of corporate governance. The Board continues to support and oversee the execution of our strategy and pays close attention to business performance and stakeholder engagement. Alongside our scheduled Board meetings, last year we arranged an extensive programme of virtual site and laboratory visits in Europe, the USA and China. This gave the Board the opportunity to really engage with and get feedback from colleagues across the world, and see and feel the culture operating within the various businesses. We have received regular feedback reports from investors throughout the year and last Spring I met with a number of our leading institutional shareholders.

I am pleased that today, the Board complies with the provisions of both the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity. We endeavour to continue to focus on diversity as we recognise the importance of developing the best talent.

Lena Wilson stepped down from the Board on 31 January 2021 as a Non-Executive Director and a member of the Audit and Nomination Committees and then Louise Makin retired on 30 June 2021 as a Non-Executive Director and member of the Audit and Nomination Committees.

Tamara Ingram, who joined the Board in December 2020 as a Non-Executive Director and a member of the Remuneration Committee and Lynda Clarizio who joined the Board on 1 March 2021 as a Non-Executive Director and member of the Audit Committee, both completed a full on-boarding programme during 2021.

Ross McCluskey was promoted into an operational role as Executive Vice President Europe and Central Asia. As a consequence, he ceased to be an Executive Director and Chief Financial Officer of Intertek on 1 April 2021 when Jonathan Timmis was appointed as an Executive Director and Chief Financial Officer. I would like to welcome Jonathan, Tamara and Lynda to the Board and thank Ross, Lena and Louise for their excellent, diligent and valued contribution and support during their tenure.

As Chairman, I am responsible for ensuring the effectiveness of the Board, its Committees and individual Directors. The evaluation and performance review of the Board was external this year led by Equity Culture. The evaluation concluded that the Board and its Committees are all performing effectively, with clear terms of reference and meeting agendas. All of the necessary information to enable constructive and productive discussion is provided on a timely basis. Importantly, the Board has a good balance of experience and knowledge to ensure appropriate challenge and debate. The Board also supports the culture, vision and values of Intertek.

The Future
Looking to the future, we have a clear purpose, a strong culture and the right strategy to deliver our vision. Our global footprint, our expertise in Total Quality Assurance, our leading market positions, the passion and entrepreneurial spirit of our people and our high-quality, cash generative earnings model provide a solid foundation for sustainable growth. We are in great shape to seize the opportunities that are emerging in the 'new normal' to benefit all our stakeholders.

Finally, I would like to express my and the Board's thanks to our people right across the business for their continued passion, commitment and support.

Board of Directors

Board promise

1. We recognise our responsibility to all stakeholders and will strive to ask the questions that matter and make the right decisions.
2. We will be forward looking and use our diverse perspectives and insights to promote Intertek's purpose of bringing Quality, Safety and Sustainability to life.
3. We will inspire our people to take client relationships and our performance to greater heights and to create sustainable growth for all.

Committees	
Audit	A
Nomination	N
Remuneration	R
Committee Chair	●

Tenure is given as at 31 December 2021.

1 Andrew Martin
Chairman

Appointed to the Board in May 2016; appointed Chairman in January 2021

Committee: N

Nationality: British

Ethnicity: White

Tenure: 5.5 years

Independent: Yes

Current principal external appointments:
Non-Executive Chairman of Hays plc and a Non-Executive Director of the John Lewis Partnership Board.

Key strengths:
- Wide-ranging and extensive financial background.
- Extensive experience of the travel, hospitality and support services sectors.

Experience:
Andrew was the Group Chief Operating Officer for Europe and Japan for Compass Group plc until 2015, and prior to that, he served as their Group Finance Director for eight years until 2012. Before he joined the Compass Group, he was the Group Finance Director at First Choice Holidays plc (now TUI Group). Andrew also previously held senior financial positions with Forte plc and Granada Group plc and was a partner at Arthur Andersen.

He was previously a Non-Executive Director of easyJet plc and Chair of their Finance Committee until August 2020.

2 André Lacroix
Chief Executive Officer

Appointed to the Board in May 2015

Committee: N/A

Nationality: French

Ethnicity: White

Tenure: 6.5 years

Independent: N/A

Current principal external appointments:
None.

Key strengths:
- Excellent track record of delivering long-term growth strategies and shareholder value globally across diverse territories.
- Strong leadership skills.

Experience:
From 2005 to 2015, André was Group CEO of Inchcape plc, during which time he strengthened its position in the global automotive market with a track record of delivering double-digit earnings growth with strong cash generation, and created significant shareholder value as its market capitalisation more than doubled during his tenure as Chief Executive.

He was previously Chairman and Chief Executive Officer of Euro Disney S.C.A., President of Burger King International operations and formerly the Senior Independent Director of Reckitt Benckiser Group plc from October 2008 to December 2018.

3 Jonathan Timmis
Chief Financial Officer

Appointed to the Board in April 2021

Committee: N/A

Nationality: British

Ethnicity: White

Tenure: 0.75 years

Independent: N/A

Current principal external appointments:
None.

Key strengths:
- Impeccable track record as an experienced finance executive.
- Broad international experience in highly successful companies.

Experience:
Until March 2021, Jonathan was the CFO Health at Reckitt Benckiser Group plc where he also served as the Group Controller, Regional Finance Director for North America and Regional Finance Director for Southern Europe. Prior to his time at Reckitt Benckiser, Jonathan spent several years in senior finance roles with SAB Miller, including three years as the Finance Director of Royal Grolsch and Finance Director for the UK business. Jonathan's early career in finance was with PwC. Jonathan is a Fellow of the Chartered Institute of Management Accounting.

Board of Directors
Continued

4 Graham Allan
Senior Independent Non-Executive Director

Appointed to the Board in October 2017

Committee: N R

Nationality:

Ethnicity: White

Tenure: 4 years

Independent: Yes

Current principal external appointments:
Senior Independent Non-Executive Director of InterContinental Hotels Group plc, Non-Executive Director of Associated British Foods plc and Kuwait Food Company (Americana) KSCP (privately owned) and a Director of Ikano Retail Pte Ltd (privately owned). Chairman of Bata International (privately owned) and adviser to Nando's Ltd.

Key strengths:
- Extensive international consumer and retail experience.
- Wide-ranging knowledge of the Asian market.
- Strong management knowledge and extensive board-level experience.

Experience:
Graham was Group Chief Executive of Dairy Farm International Holdings Limited, an Asian retailer headquartered in Hong Kong, from 2012 to 2017. In 1992, he joined Yum! Restaurants International (formerly PepsiCo Restaurants International) where he held several senior positions before assuming the role of President and CEO in 2003, leading the development of global brands KFC, Pizza Hut and Taco Bell in more than 120 international markets. Prior to his tenure at Yum! Restaurants, he worked as a consultant including at McKinsey & Co Inc.

He was previously a Non-Executive Director of Yonghui Superstores Co. Ltd in China and a Commissioner of Hero Group, an Indonesian retailer.

5 Gurnek Bains
Non-Executive Director

Appointed to the Board in July 2017

Committee: N R

Nationality:

Ethnicity: Asian

Tenure: 4.5 years

Independent: Yes

Current principal external appointments:
Managing Partner of Global Future Partnership LLP and CEO of Global Future Think Tank.

Key strengths:
- Wide-ranging experience working with senior leaders internationally providing an important voice on people.

Experience:
Gurnek was the co-founder of YSC Ltd, a premier global business psychology consultancy. He led the business as Chief Executive Officer and Chairman for 25 years to a position of global pre-eminence, and a client base comprising over 40% of the FTSE 100. Gurnek has worked extensively with multinational organisations in the areas of culture change, vision and values, executive coaching and assessment, board development and strategic talent development.

He is Chair of Akram Khan Dance Company.

He has a doctorate in Psychology from Oxford University.

6 Lynda Clarizio
Non-Executive Director

Appointed to the Board in March 2021

Committee: A

Nationality:

Ethnicity: White

Tenure: 0.75 years

Independent: Yes

Current principal external appointments:
Non-Executive Director of CDW Corporation, Emerald Holding, Inc and Taboola.com Ltd (US listed companies), and Resonate Networks, Inc., Simpli.fi Holdings, Inc, and Cambri Oy (privately owned).

Key strengths:
- Strong track record of leadership in complex organisations.
- Significant experience in digital measurement and broader technology.
- Extensive board-level experience.

Experience:
Lynda was President of U.S. Media at Nielsen Holdings plc, a global measurement and data analytics company, where she worked from 2013 to 2018. Her prior experience includes CEO, President and other leadership positions at AppNexus, Inc., INVISION, Inc., AOL Inc. and Advertising.com. She previously was a partner in the law firm Arnold & Porter, where she practised law from 1987 to 1999.

She is Vice Chair of Human Rights First, a non-profit international human rights organisation.

7 Tamara Ingram OBE
Non-Executive Director

Appointed to the Board in December 2020

Committee: R

Nationality:

Ethnicity: White

Tenure: 1 year

Independent: Yes

Current principal external appointments:
Non-Executive Director of Marsh & McLennan Companies, Inc. and Marks and Spencer Group plc.

Key strengths:
- A long-standing leadership career in advertising, marketing and digital communication.
- A deep understanding of consumer brands and digital strategy.

Experience:
Tamara held leadership roles within WPP from 2002, and was the Global Chair of Wunderman Thompson (a subsidiary of WPP plc). Her executive experience includes senior roles at Kantar Group, McCann Erickson and Saatchi & Saatchi UK, where she held the roles of CEO and Executive Chair. Tamara was previously a Non-Executive Director of Sage Group plc and Serco Group plc.

She is a Director of Save the Children International.

Board of Directors
Continued

8 Gill Rider CB
Non-Executive Director

Appointed to the Board in July 2015

Committee: A R

Nationality:

Ethnicity: White

Tenure: 6.5 years

Independent: Yes

Current principal external appointments:
Chair of Pennon Group plc and South West Water (a subsidiary of Pennon Group plc) and Pro-Chancellor of the University of Southampton.

Key strengths:
- Successful global experience on the people agenda.
- Extensive experience as a Non-Executive Director.
- Strong experience on remuneration and sustainability issues.

Experience:
Formerly, Gill was head of the Civil Service Capability Group in the Cabinet Office, reporting to the Cabinet Secretary. Prior to that, she held a number of senior positions with Accenture, culminating in the post of Chief Leadership Officer for the global firm. Previously Gill was a Non-Executive Director of De La Rue plc and, until January 2020, Senior Independent Director of Charles Taylor Plc, where she also chaired their Remuneration Committee.

She is currently President of the Marine Biology Association and was also previously President of the Chartered Institute of Personnel & Development.

9 Jean-Michel Valette
Non-Executive Director

Appointed to the Board in July 2017

Committee: A

Nationality:

Ethnicity: White

Tenure: 4.5 years

Independent: Yes

Current principal external appointments:
Chairman of Sleep Number Corporation and Lead Director of The Boston Beer Company, both of which are US listed companies. Director and Audit Committee chair of Peet's Coffee & Tea (private).

Key strengths:
- Extensive knowledge of the US market.
- Strong leadership and board-level experience, with purpose-driven companies.

Experience:
Jean-Michel has more than 30 years' experience in management, US public company corporate governance, strategic planning and finance. Previously, he was Chairman of Peet's Coffee and Tea, Inc., a US beverage company which was listed at the time. He was also appointed as Managing Director at the Robert Mondavi Winery before becoming Chair. In his earlier career, Jean-Michel was President and Chief Executive Officer of Franciscan Estates, Inc., a premium wine company.

He currently serves as an independent adviser in the US to select branded consumer companies.

He has an MBA from Harvard Business School.

Former Directors who served during the year

Lena Wilson stepped down from the Board on 31 January 2021.

Ross McCluskey stepped down from the Board on 1 April 2021.

Dame Louise Makin stepped down from the Board on 30 June 2021.

Direct reports to the CEO

Global functions

Tony George
Executive Vice President, Human Resources

Ken Lee
Executive Vice President, Marketing and Communications

Timo Lieber
Vice President, Group ATIC Innovation

Julia Thomas
Senior Vice President, Corporate Development

Mark Thomas
Group General Counsel and Head of Risk & Compliance

Jonathan Timmis
Group Chief Financial Officer

Geographies

Fred Bai
CEO, Greater China

Sandeep Das
Regional Managing Director, South Asia

Colm Deasy
Regional Managing Director, Asia Pacific

Ian Galloway
Executive Vice President, Middle East and Africa

Ross McCluskey
Executive Vice President, Europe & Central Asia

Carlos Velasco
President, Latin America

Global business lines

Gavin Campbell
President, Transportation Technologies

John Fowler
Senior Vice President, Minerals

Ian Galloway
Executive Vice President, Global Trade

Christina Law
President, Global Softlines and Hardlines

Bertrand Mallet
Executive Vice President, Industry Services

Calin Moldovean
President, Business Assurance and Food Services

Saranpal Rai
Senior Vice President, Electrical

Paul Reynish
President, Alchemy

Board Leadership and Company Purpose

Effective and entrepreneurial board
Our Board comprises a Chairman, CEO, CFO and six independent Non-Executive Directors. We all have differing skills, a wide range of diverse experience and extensive knowledge built up over a period of time in our professional careers, which enables the Board to fully understand the strategic business drivers of Intertek, but also the risks and exposures associated with the multiple sectors and regions in which the Company operates. During the year, we welcomed three new Directors on the Board which brings new skills, views and perspectives as outlined in the Nomination Committee report on pages 126 to 129.

The need for an effective and entrepreneurial Board to provide the right leadership continues to be important; our combined experience of dealing with economic crises over the past 30 years has helped to inform and qualify us to effectively manage the ongoing impact of the pandemic and the increasing awareness of the risks associated with climate change, to ensure the long-term sustainable success of the Company is not hindered. As such, our collective experiences have enabled us to preserve the long-term value of the business for our shareholders, our people and our customers, as well as the wider community as a whole for years to come.

The governance of Intertek is the responsibility of the Board, with the support of the Group Company Secretary, and provides the framework of authority and accountability that operates throughout the Company to ensure the needs of all stakeholders are considered and met. Good governance requires the Board to lead, guide and support the business in its quest for long-term sustainability and viability through strategic planning and part of the governance structure in place is the development, implementation and monitoring of the 5x5 strategic plan for growth throughout the year. This is an ongoing process which is reviewed annually by the Board and involves a thorough review of the progress being made on the implementation of the strategy and the five-year business plan. The strategic review involves a 360˚ review of the Intertek value proposition, the 5x5 strategy, updates on the competitive environment and regulatory changes. The changes to the economic environment, the long-term structural drivers and emerging trends shaping the world are discussed, as well as, the resulting impact on Intertek, together with the strategic initiatives for the year and ensures alignment with our purpose of bringing quality, safety and sustainability to life for an ever better world.

We are also responsible for ensuring that the appropriate financial resources and people with the right skills and behaviours are in place to achieve the long-term strategy and deliver long-term sustainable performance. Further information on our strategy and progress towards delivering our strategic aims is set out in the Strategic Report on pages 14 to 25 and further information on the activities of the Board is outlined in the table on pages 110 to 111.

The Intertek value proposition and purpose
Intertek has a rich cultural heritage which reaches back over 130 years to some of the world's leading pioneers in the Quality Assurance industry, and our pioneering forefathers include giants of innovation such as Thomas Edison. Their legacy and spirit lives on today throughout Intertek and in our people as we continue to drive the global development of the Quality Assurance industry. We have established a purpose of 'Bringing quality, safety and sustainability to life for an ever better world' which resonates strongly throughout Intertek; a purpose which our people are rightly very proud to embody and incorporate when meeting the needs and wishes of our stakeholders. Our purpose is underpinned by a strong set of clear values, as outlined on page 19, which are true to who we are and are the foundations that drive the right cultural behaviours across the Group. To deliver this, we employ people with the right potential, attitude, intellect and entrepreneurial spirit, and we introduce them to our culture of excellence, innovation and our exacting customer-focused service standards. By aligning the quality of our people with our high-performance culture, we can deliver our strategic objectives and our promise to customers and build long-term and mutually rewarding relationships.

The Board, with the Leadership Team, sets the corporate culture that defines our purpose and establishes an environment where values are appreciated and respected, encouraging all of our people to 'Do Business the Right Way'. Our culture and values have been, and remain, the core foundations of Intertek. Our 10X culture is one of entrepreneurial spirit and high performance, where we are totally focused on our customers, as outlined in the Sustainability Report on pages 80 to 85.

Board Leadership and Company Purpose
Continued

Board oversight of culture

Our success is based on a culture of trust amongst our colleagues, globally. To support and ensure this trust, we continuously monitor and develop further insights into the culture operating within the business. In doing so, we review the following throughout the year:

Area	Link to culture
View from the top	Town halls allow the dissemination of information to employees across the Group and enable local leadership to communicate the right behaviours and cultural expectations, as well as give peer nominated awards for demonstrating our 10X energies. Town halls occur monthly at every Intertek location globally; they are monitored as it is a Core Mandatory Control and thus reported to the Audit Committee. The 10X growth, coaching, training, people planning and the focus on recognition at all levels ensures that the right values and culture are driven throughout the organisation. André Lacroix, Gurnek Bains and Tony George (Executive Vice President, Human Resources) held a session during the year on the Board Promise and its role in shaping the culture within Intertek.
Globally aligned reward and incentive schemes	Our long-term incentive schemes are aligned so as to drive the right behaviours and values of our business, globally, in line with our purpose. More information is outlined in the Remuneration Committee report on pages 136 to 162.
Health & wellbeing	Due to the importance we place on safety within Intertek, we have updates at every Board meeting on Health & Safety statistics across the Group to monitor trends year-on-year and ensure that the right practices are being followed. There have been regular emails to the Board to closely monitor our people's health and wellbeing during the pandemic using a '5-category' system, with 'net' data to reflect the number of people in each category, excluding those who have now recovered or returned to work due to Covid-19. We took important steps to support our own wellbeing by introducing our new global wellbeing programme, Kindness. It is a personal experience that will help each one of our people make sure that they do the simple things to help build their own personal strength and resilience – to help us re-energise, boost our wellbeing, and unleash our potential.
Ethics and compliance reports	Updates at every Board meeting on all hotline and whistleblowing reports and analysis by issue type. This enables the Board to determine if there are any trends which need further analysis or investigation. For more information see pages 112 and 168.
Training	Everyone in the organisation completes annual training on the Intertek Code of Ethics to demonstrate our understanding of, and commitment to, the highest standards of business conduct and ensure that we do business the right way. For more information see page 168. There is also annual training on the Core Mandatory Controls with further information outlined on pages 75 and 134.
Key claims reports	Updates at every Board meeting on all legal claims and a review of the significant legal claims by the Audit Committee to monitor the trends and types of claims.
Internal audit reports	Updates at every Audit Committee meeting on internal audit reports, the areas of non-compliance with the Core Mandatory Controls and actions taken to address the non-compliance together with trend analysis to underscore that we are 'Doing Business the Right Way'.
Acquisitions	When the Board is considering acquisitions, one of the factors the Board considers is the culture of the business being acquired and how it will fit within the Intertek Group. The Board deemed the acquisitions of JLA Brasil Laboratório de Análises de Alimentos S.A and SAI Global Assurance to have similar cultures of high performance and having passion for their customers.

Employees' perspective on our culture

Virtual visits to locations across the world to see the culture operating in situ and receiving views on our culture directly from employees:

"Following the virtual induction that we both received as new Non-Executive Directors on the Board, we were delighted to see the communality of culture, commitment to values and purpose clearly demonstrated during the Non-Executive Director induction at each of the various sites and countries across the Group."

Lynda Clarizio and Tamara Ingram
Non-Executive Directors

"The 10X culture fosters work with integrity, allows us to set goals that challenge our capacity, promoting our efforts to advance every day in continuous improvement, aligned to corporate strategies and being effective in our work."

Maria Victoria Zavala
Quality Assistant ('QHSE'), Chile

"The 10X culture is keeping us motivated and giving us more confidence in what we do best."

Raymon Kartoredjo
Laboratory Manager
Suriname

"I would never have expected such a natural connection, communication, open discussions, and information sharing. We come from many walks of life, yet clearly talk the same language, have the same values, and pursue the same clear objective to become even stronger. By the end of these meetings, I can proudly say that we were just one team."

Marta Escudero, SAI EMEA Manager and Regional Director, Business Assurance UK, Spain & Portugal

A force for good
At Intertek we are passionate about our purpose and today that means striving to make the world a better, safer and more sustainable place for all.

Board and Committee framework

Our Board of Directors

The Board has the ultimate and collective responsibility to promote the long-term sustainable success of the Company, ensuring that value is created for shareholders and contributes to wider society through its effective, entrepreneurial and innovative leadership of Intertek. They ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. Our Board consistently acts with integrity, leads by example and promotes the culture to ensure dissemination throughout the Company. It sets the strategic aims of the Company, its purpose, customer promise, vision and values in alignment with our culture as outlined in the Strategic Report on page 14 to 25.

The Board recognises the importance of its obligations under section 172 of the Companies Act 2006 to engage with, and consider, key and relevant stakeholders as part of its decision-making process. More information on the principal decisions made by the Board are on page 56.

The activities of the Board during 2021, and how the Board's governance contributes to the delivery of Intertek's strategy, is outlined on pages 110 to 111.

The Board delegates certain matters to its three principal Committees to carry out business as defined in their respective Terms of Reference. The remit, authority and composition of each Committee are clearly laid out and reviewed regularly to ensure that the support provided to the Board is effective. The Board also maintains the Board Approval Matrix which outlines the matters reserved for the Board. When necessary, the Board may delegate very specific matters to ad hoc subcommittees with clearly defined responsibilities and for a limited period of time. The Terms of Reference for each Committee and the Board Approval Matrix are available at intertek.com.

Nomination Committee

Ensures the Board and its Committees have the correct balance of skills, experience and knowledge and that adequate and orderly succession plans are in place.

Audit Committee

Oversees the Group's financial reporting, ensuring the effectiveness and independence of the external and internal audit functions and reviews the Group's financial internal controls.

Remuneration Committee

Establishes the Group's Remuneration Policy and ensures that it supports the strategy promoting the long-term sustainable success of the Group and there is a clear link between performance, remuneration and alignment with our purpose, values and strategy.

Leadership Team

The Board delegates specific responsibilities, subject to certain financial limits, to management. This is governed by the Core Mandatory Controls, an annually reviewed and refreshed framework that allows the delivery of the strategic aims and financial performance whilst allowing risk to be assessed and managed.

Biographical details of the Leadership Team can be found on our website.

Supporting Committees

The Leadership Team operates a number of supporting committees which provide oversight on key business activities and risks, including the:

- Disclosure Committee
- Ethics and Compliance Committee
- Group Investment Committee
- Group Risk Committee
- Sustainability Operating Committee

Board activities in 2021

The following pages give an insight into how we, as a Board, use our meetings as a mechanism for discharging our responsibilities, including how the consideration of stakeholders is embedded into our workings as a Board and the range of matters we considered and discussed throughout the year.

Each Board meeting follows a carefully structured agenda agreed in advance by the Chairman, CEO and Group Company Secretary; this ensures that proper oversight of key areas of responsibility are scheduled regularly and that adequate time is available for the Board to fully consider strategic matters. Every December, the Board reviews, discusses and agrees the Group's strategic plan and objectives. During the year, the Board then monitors and reviews the performance of the business to ensure that the strategic objectives are being met. The topics in the following table are presented to the Board for review against the 5x5 strategy to ensure that the goals underlying our strategy for growth have been met during the year. The 5x5 strategy and goals are outlined in the Strategic Report on pages 14 to 15 and the outcome of some of the decisions made by the Board during the year in line with the 5x5 strategy are outlined on page 56.

In addition to regular items, we receive presentations from the Leadership Team and global leaders across the business on their areas of responsibility and expertise. External speakers also present periodically to provide an overview on global or regional matters. One meeting a year is conducted overseas, however, due to the pandemic, this year it was again held virtually. At the start of the pandemic, we moved rapidly to virtual meetings. The technology has worked extremely well and has enabled the Board and its Committees to fully participate in all discussions and discharge our responsibilities seamlessly.

Principal risks

- 01 Reputation
- 02 Customer service
- 03 People retention
- 04 Macro-economic
- 05 Health, safety and wellbeing
- 06 Industry and competitive landscape
- 07 IT systems and data security
- 08 Covid-19
- 09 Contracting
- 10 Regulatory and political landscape
- 11 Business ethics
- 12 Sustainability
- 13 Financial risk

Strategic priorities

- Differentiated brand proposition
- Superior customer service
- Effective sales strategy
- Growth and margin-accretive portfolio
- Operational excellence

Key to stakeholder groups

- i. Customers
- ii. Communities
- iii. Investors
- iv. People
- v. Suppliers
- vi. Other

Topics	Link to strategic priorities	Link to stakeholders
Strategy **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11 12 13		
2021 Board Strategic Agenda		i. ii. iii. iv. v. vi.
Group M&A strategy		i. ii. iii. iv.
Consideration and approval of acquisitions		i. ii. iii. iv.
Build Back Ever Better		i. ii. iii. iv. v. vi.
Global business line reviews: Electrical/Connected World/Softlines/ Hardlines		i. ii. iii. iv. v.
Group strategy update and strategic plan		i. ii. iii. iv. v. vi.
Group Portfolio update		i. ii. iii. iv. v. vi.
Group IT strategy		i. iv. v.
Topics for the 2021 strategy session		i. ii. iii. iv. v. vi.
2022 annual budget and five-year plan		i. ii. iii. iv. v.
Financial management and performance **Link to risks:** 01 04 06 07 08 09 10 11 12 13		
CEO report		i. ii. iii. iv. v. vi.
Finance report		i. ii. iii. iv. v.
Investor Relations report		iii.
Financial forecasts		iii.
Approval of full-year results, Annual Report & Accounts, half-year results and the AGM circular and proxy		iii.
Dividends		i. ii. iii. iv. v. vi.

Board activities in 2021
Continued

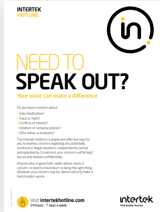
Topics	Link to strategic priorities	Link to stakeholders
People and culture strategy **Link to risks:** 01 02 03 11 12 13		
Group Talent Planning		iv.
Group People Strategy		iv.
Executive Committee succession planning		iv.
Sustainability **Link to risks:** 01 03 04 05 06 08 10 12		
Sustainability moments		i. ii. iii. iv. v. vi.
TCFD risks opportunities and impact		i. ii. iii. iv. v. vi.
Corporate governance **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11 12 13		
Reports of the activities of the Audit, Nomination and Remuneration Committees		iii. iv. vi.
AGM preparation (Chairman's script, Questions & Answers, proxy votes and voting reports)		iii.
Chairman's corporate governance roadshow feedback		iii.
Re-election of Directors at the 2021 AGM		iii. iv.
Directors' conflicts of interest		i. ii. iii. iv. v. vi.
2021 External Board, Director and Committee evaluation process		i. ii. iii. iv. v. vi.
2020 Internal Board effectiveness review		i. ii. iii. iv. v. vi.
Purchase of shares by ESOT		iv.

Topics	Link to strategic priorities	Link to stakeholders
Compliance and risk **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11 12 13		
Quarterly Integrated Risk, Control, Compliance and Quality report		i. ii. iii. iv. v. vi.
Modern Slavery Statement		i. ii. iii. iv. v. vi.
Customers **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11 12		
Group Innovation Strategy		i.
Marketing Strategy		i. iii.
Other **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11 12 13		
Europe and Central Asia overseas Board meeting		i. ii. iii. iv. v. vi.

Board activities in 2021
Continued

Compliance, whistleblowing and fraud
Intertek is committed to maintaining a culture where issues of integrity and professional ethics can be raised and discussed, which is aligned to our values to always do the right thing with precision, pace and passion. This also forms part of our 5x5 strategy for growth. The Group's key ethics and integrity policies are set out in the Code of Ethics and a detailed description of the topics covered by the Code of Ethics, its operation during the year and the outcomes of these policies are contained in page 168. All third parties working are required, as a condition of engagement, to document their acceptance and understanding of the Intertek Code of Ethics, and Intertek Anti-Bribery Policy before commencing work on our behalf. It is the responsibility of each third party acting on Intertek's behalf to understand and apply these two Intertek Policies in their part of the business.

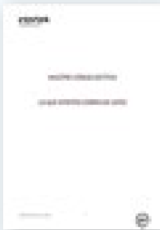
Whistleblowing is the responsibility of the Board and the Group has a whistleblowing process, which includes a global hotline system enabling all employees, contractors, suppliers and others to confidentially report suspected misconduct or breaches of the Code of Ethics. Hotline posters are required to be displayed in a clearly visible position in each Intertek site and is a core mandatory control. This is supported by dedicated Compliance Officers across the Group's markets who undertake the investigation of any issues arising from reports to the hotline system or from other sources, such as routine compliance questions. The Board receives quarterly reporting on whistleblowing and integrity issues. The Group Compliance function is independent of the Group's operational business and reports directly to the Group General Counsel.



Hotline poster in English

Hotline poster in Arabic

Hotline poster in Traditional Chinese



Code of Ethics booklet in Spanish

Internal control and risk management

The Board is ultimately responsible for monitoring the Group's system of internal control and risk management and ensuring its effectiveness. Monitoring and reviewing the effectiveness of the Group's internal and risk management controls is discharged by the Audit Committee and they report to the Board on its evaluation of the systems in place. The Board confirms that it has completed a robust assessment of the Group's emerging and principal risks and that the Company has fully complied with the Financial Reporting Council's ('FRC') Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Further information on the framework, its effectiveness and on our financial risk management systems can be found in the Audit Committee report on page 134.

Risk management and internal controls are embedded in the running of each division, business line, country and support function and oversight is provided by divisional, regional and functional risk committees. Each risk committee in turn reports to the Group Risk Committee ('GRC'). The Group identifies and tracks its risk environment using a risk register process whereby the risk committees produce a register of emerging risks in their area of responsibility which are then consolidated at Group level. The GRC uses the Group Risk Footprint for the year under review, with associated mitigation action plans as its baseline, to then add new emerging risks and/or plans, facilitated by the GRC's quarterly risk review process. The Board agreed the incorporation of three new risks for 2022 being Contracting, Macro-economic and Sustainability and noted the recalibration of existing risks as outlined on pages 44 to 49. At each Board meeting during 2021, the Group General Counsel presented an integrated risk, control, compliance and quality report including a review of:

- the Group's emerging risks, the status of the quarterly emerging risk mitigation action plans and the new quarterly emerging risk mitigation plans;
- the specific systemic risks including quarterly hotline and whistleblowing reports, key claims and unlimited liability contracts; and
- the Group's systemic risk environment, the status of the quarterly systemic risk mitigation action plans and the new quarterly systemic risk mitigation plans.

Further information on how Intertek has implemented an end-to-end integrated approach to risk, control and compliance is outlined on pages 167 to 169.

Governance and Sustainability

Sustainability is central to everything we do at Intertek and as a purpose-led Company, it is anchored in our purpose, vision and values and the Board, as part of their overall stewardship of the Company, oversees the Group's sustainability and corporate responsibility, together with any material environmental and social issues. The Board recognises the importance of sustainability to all our stakeholders, together with the increasing risks associated with climate change and ensures that at every Board and Committee meeting, the first item on every agenda is a 'Sustainability Moment' to demonstrate its importance to the future long-term sustainable success of Intertek. The Board has delegated responsibility to two newly formed workstreams: the Net Zero Steering Committee and the Beyond Net Zero Steering Committee. Further information on the composition of these steering committee's, together with their remit, is outlined on page 99.

At Intertek, we believe that we are Born to Make the World Ever Better. For more than 100 years, sustainability services have been core to our global business. As a provider of Sustainability Assurance solutions, we continue to innovate and launch products to support the sustainability efforts of our customers, suppliers, people and investors. In April 2021, we launched our new Intertek CarbonZero certification programme, an independent and traceable carbon neutral certification programme for products and services, which complements the Intertek CarbonClear programme which was launched in July 2020. Intertek CarbonZero certifies the achievement of carbon neutrality by combining emissions intensity certifications such as CarbonClear, together with certification of traceable high-quality carbon capture or reduction investments. Intertek CarbonZero certification enables companies worldwide to confidently market qualifying carbon neutral products and services as Intertek CarbonZero Verified, demonstrating tangible and auditable progress on the path to carbon neutrality. We have since issued the first Intertek CarbonZero Verified certificate; the world's first independent carbon neutral certification for a crude oil trade.

Intertek is committed to tackling and minimising the effects of climate change; in 2017 we set ourselves the target of reducing GHG emissions per employee by 5% by 2023. Furthermore, we have signed up to the Science-Based Targets initiative which means that we are formally committed to setting independently verified science-based GHG emission reduction targets. Our aim is for our science-based targets to be aligned to limiting global temperature rise to below 1.5°C and reaching net zero emissions no later than 2050.

In November 2021, Intertek joined other leading global companies and governments as part of the LEAF Coalition, a new public-private initiative designed to accelerate climate action by providing results-based finance to countries committed to protecting their tropical forests, which successfully mobilised $1billion in funding in the run up to COP26. Intertek is proud to join the LEAF Coalition and contribute to accelerating the pace and scale of global forest protection, in a period when climate change concerns are ever prevalent.

Intertek has also joined the UN Race to Zero campaign – a global effort from the United Nations Framework Convention on Climate Change that calls for a resilient, zero-carbon recovery from the Covid-19 pandemic and is aligned with our own ambitious agenda to Build Back Ever Better.

Our other beyond net zero sustainability targets continue to be embedded within the Group and we report progress on these on page 28.

As a multinational company, we recognise that, although our own operations may not be as energy intensive or resource depleting as other industries, we are still exposed to various types and degrees of risks associated with climate change. We therefore acknowledge that it is important for us to lead the effort globally to mitigate the adverse effects of climate change by both reducing our own emissions, as well as helping those across our value chain. More detailed information on our goals to address climate-related issues, and our strategy for achieving these goals, can be found on pages 86 to 87.

Stakeholder relations

For more than 130 years, Intertek has understood its role in society as companies around the world have depended on us to help ensure the quality and safety of their products, processes and systems. We are focused on driving long-term sustainable performance and recognise the importance of considering Intertek's responsibilities to our customers, shareholders, and wider stakeholders. We, as a Board, are clear on our legal duty to act in good faith, to promote the success of the Group for the benefit of shareholders and have regard to the interests of our stakeholders and other factors. These include the likely consequence of any decisions we make in the long term; the interests of employees; the need to foster the relationships we have with all of our stakeholders; the impact of our operations on the community and the environment; the desire to maintain the highest standards of business conduct and to act fairly between shareholders.

The Directors' duties under section 172 of the Companies Act 2006 help to underpin the good governance which is at the heart of what we do. Details of how we met our obligations during 2021, by taking account of shareholder and wider stakeholder interests in our strategic planning and decision-making processes, are outlined in the section 172 statement on pages 55 to 61 in the Strategic Report. Today, the expectations of all stakeholders – employees, customers, consumers, investors, suppliers, communities and wider society, governments and regulators – continue to rise. This statement summarises how we have had regard for the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by us during 2021. Details of the principal decisions we have taken during 2021 are set out on page 56 and the value we create for our stakeholders is outlined on pages 23 to 25 in the Strategic Report.

In 2021, we launched our Build Back Ever Better ('BBEB') platform at bbeb.com and by making our Company ever better, and by helping our clients to make their businesses ever better, Intertek is uniquely positioned to inspire our communities and ultimately the world to Build Back Ever Better. With BBEB we are building a movement to inspire everyone within Intertek and beyond – our clients, friends and families, communities and governments – to make a positive difference to society.

The next section summarises how we have engaged with employees during 2021 and how we have had regard to their interests and the result of that engagement. Our approach to investing in our people to attract, develop, retain and reward our employees is outlined on pages 73 to 79.

"It's inspiring to see how the BBEB platform is gaining popularity among Intertek colleagues. Every post leaves a mark of its contributor and shows great initiatives that everyone can do to make the world ever better, together."

Iker Albestain
Marketing & Communications Manager, Intertek Spain

Workforce engagement

In line with the Code, this section outlines our engagement with our employees. After extensive discussions when the Code was introduced, we decided not to choose one of the methods suggested in provision 5 of the Code due to the global nature and size of the business, together with the complexity and diverse make-up of the various sectors and regions in which we operate. Instead, we utilise a multi-faceted approach to workforce engagement to make certain that what is in place ensures that we, as a Board, receive 360˚ multi-source feedback to assist us in evaluating the different views and perspectives from our employees across the Group. We keep our engagement mechanisms under review and continue to believe that this methodology remains effective as it enables us, the Board, to fully understand the views of the workforce when taking such considerations into account as part of our decision-making process. This is vital as our people are core to our business and make it happen 24/7.

The way in which our people combine passion and innovation with customer commitment to create a single unbeatable asset sets us apart and is a vital element of our entrepreneurial, customer-centric culture. The variable remuneration structure and policy for the Executive Directors cascades down to the wider workforce and is communicated throughout the Group, ensuring engagement across Intertek to ensure alignment with our purpose, drive the right behaviours and to deliver the 5x5 strategy. We are focused on ensuring that our strategy and culture give our people the right platform to not only grow and develop their careers, but to support our purpose in making the world a better place by bringing quality, safety and sustainability to life for an ever better world.

We have utilised technology to ensure that throughout the uncertain landscape that the pandemic presented, we remained ever connected with our people, globally. Microsoft Teams has been instrumental in providing instant communication between all business lines and functions; in particular it has enabled the Board to virtually meet and visit far more employees and sites than previously possible.

The way our colleagues have come together to embody our purpose to bring quality, safety and sustainability to life for an ever better world has been an inspiration to all during the pandemic. Their commitment to our customers to go above and beyond and deliver superior customer service has truly demonstrated the strong customer-centric ethos at the core of Intertek. Our success is based on the energy and enthusiasm with which our people react to our meaningful purpose.

Our Vision

Our vision is to be the world's most trusted partner for Quality Assurance, underpinned by our shared values:

- **We are a global family that values diversity.**
- **We always do the right thing, with precision, pace and passion.**
- **We trust each other and have fun winning together.**
- **We own and shape our future.**
- **We create sustainable growth. For all.**

How did we engage?

The world needs Intertek more than ever, with the unrivalled expertise of our people, our focus on delivering risk-based Total Quality Assurance solutions, and our proven track record of innovating and anticipating the growing needs of our clients as the world around them grows more complex.

Our employees continue to go above and beyond their normal call of duty and below are just a few examples of that:

Intertek's Connected World launched App Assured, a new online facility where clients can order a security test of their website or mobile application with speed, convenience, and confidence. The Covid-19 pandemic has resulted in a surge of online activity – from e-commerce to video conferencing to remote learning to livestreaming entertainment, and, of course, social media. According to Statista, the daily average in-home data usage in the US increased by nearly 40% from March 2019 to March 2020. Not surprisingly, this has also brought about an increasing number of cyber-attacks and security risks, making Intertek's expertise in cyber security more relevant than ever. App Assured is a secure, online portal making online security accessible to clients, existing or new, wherever they are in the world.

Intertek Lintec expanded the global reach of Protek Services to address pandemic risk management for the maritime industry.

Business Assurance and Food Services issued a podcast aligned with this year's Earth Day theme, 'Save The Bees' with a discussion about honey crystallisation, featuring Intertek experts.

Intertek Chemicals & Pharmaceuticals ensuring the microbiological quality and safety of cosmetics by establishing challenge testing to directly support our customers' need to launch safe, high quality and innovative cosmetics products now and for future innovations.

Intertek Maison, Intertek's Centre of Excellence dedicated to the luxury and premium industries, announced the launch of Maison Sessioni, a webinar series exploring the fashion world's most pressing questions. The webinar discussed 'How to choose sustainable materials' in fashion and the fashion value chain – a key concern during the creative process for designers and materials research, in compliance for product managers considering quality and sustainability and, at the end of the design and manufacturing process, to final consumers.

Intertek's Softlines business line launched an innovative Mask Label Program, a voluntary programme for Intertek customers who test their mask products at one of our PPE Centres of Excellence. The Mask Label Program will help support our customers by communicating the verified quality and performance attributes of mask products through an Intertek Mask Label.

Overleaf, we outline how the Board ensures that it has the right touch-points across the world for employees, regardless of their country or site, to engage. This ensures that their views are understood to provide the necessary feedback and data that the Board can then incorporate as part of its strategic decision-making process during the year to determine the impact of such decisions on our employees.

Workforce engagement
Continued

Our engagement with our people

2021

- Our Build Back Ever Better ('BBEB') platform was launched internally in March 2021 and then externally in December 2021. It has been a huge success and the platform and all the related activities, including the global launch webcast from André Lacroix, which was attended by around 15,000 colleagues, have been warmly welcomed all over the world. This platform has also enabled the Board to directly see what issues have been highlighted by our colleagues and the issues that are of importance to them.

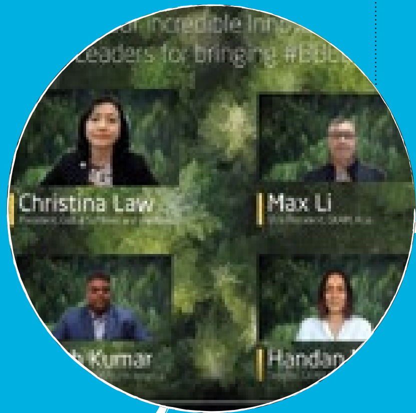
- The BBEB '10X Way!' 3.0 event which followed a global launch webcast, was an amazing success with six fully interactive workshops – each 90 minutes – being run by employees live across the world in 64 countries with over 650 participants over three days. They provided an incredible forum for ideas and discussions with colleagues across Intertek.

- Virtual town halls were conducted across the world. In total, André Lacroix completed 35 town hall meetings covering most of the countries we operate in, and all the business lines we have in our portfolio, with a total live dial-in audience of around 12,500 colleagues. Question and answer sessions were held to provide two-way communication and a method of further engagement.

- We engaged with our management personnel electronically to amalgamate their knowledge and experience to help towards the development of our five-year strategic plan by inviting them all to answer the following question: "What is the most important thing we need to do together to unleash the potential of the Company and seize the exciting growth opportunities ahead, as we Build Back Ever Better?"
- The responses were collated and it enabled us to enhance the development of our five-year strategic plan by encapsulating the knowledge and experience from individuals fully immersed in the day-to-day operation of our business lines.

- Our colleagues across the world continued to send in their short Hero story videos about how they or their team are bringing our purpose to life through their work. The videos are available to view on WhatsIn, our internal communications system.

- Virtual visits to our laboratories: the October overseas Board trip to Europe was held virtually and after a presentation by each local manager the Board were shown around the following laboratories:
  - Kista (Sweden)
  - Rotterdam (Netherlands)
  - Yenibosna (Turkey)
  - Fürth (Germany)
  - Kaufbeuren (Germany)
  - Melbourn (UK)
  - Geleen (Netherlands)
  - Udine (Italy)
  - Florence (Italy)
  - Davy Avenue (UK)
  - Manchester (UK)



- Virtual meetings with colleagues within the business during 2021. The Chairman and Non-Executive Directors have virtually met 20 leaders across the Group and had presentations on their areas of expertise at Board meetings throughout the year. The Board was particularly interested to hear feedback from our employees across the different locations.

Workforce engagement
Continued

- Updates on the status of the pandemic across the world and information on our colleagues' health and wellbeing using a '5-category' system, with 'net' data to reflect the number of people in each category, excluding those who have now recovered/returned to work.

- The Non-Executive Directors undertook 28 virtual visits to our laboratories engaging with our employees across the world.

- In May 2021, we gave our UK colleagues the opportunity to participate in a 'Learning at Work' week, providing them with the opportunity to immerse themselves in lots of opportunities to contribute to, as well as learn, from their peers. One of the events was a webinar held via Microsoft Teams which was designed with the aim to help participants define and achieve their personal growth plans, as well as give them the opportunity to ask questions about careers and their development within the Group via a Q&A session with the UK HR Director at the end of the webinar.

- Intertek UK committed to Mental Health Awareness Week allowing our UK colleagues to dedicate time each day to focus on their wellbeing. To support this, daily content was made available in the form of videos and webinars on wellness topics, hints and tips to help be Kind to Your Mind, as well as resources to allow the continuation of their wellbeing journey.

- In 2021, two of our NEDs stepped down from the Board which saw the appointment of Tamara Ingram in December 2020 and Lynda Clarizio in March 2021, in their place. As part of their induction programme, both of the newly appointed NEDs virtually visited seven countries with presentations and tours by 26 managers where they were introduced to many other colleagues during the tours. Their engagement with the local workforce aided their induction and allowed them to ask questions and understand any issues to then be encapsulated and addressed in Board discussions. The feedback was provided to the Board at the July Board meeting.

Workforce engagement
Continued

Our Heroes

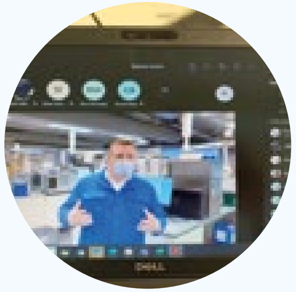
In 2020, we introduced the Intertek Hero videos to build a sense of solidarity among our colleagues, recognise our people and to give real meaning to our Purpose: 'Bringing quality, safety and sustainability to life'. These inspiring videos have enabled our people around the world to stay connected, feel united and recognise each other. During 2020, we published 100 videos from over 30 countries. This continued into 2021 with a couple of examples outlined below:

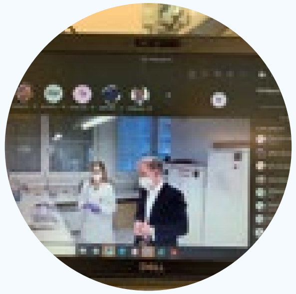
Intertek Cambodia and China
Intertek's Cambodia and China Hardlines and Inspection teams demonstrated 10X leadership to overcome challenges presented by the Covid-19 pandemic to provide unparalleled customer service to support one of our largest retail customers.

Intertek UK
One of our customers was made aware of a product quality issue and urgently needed assistance. The Caleb Brett team at our Immingham site responded and truly demonstrated their Inspirational Energy! With almost zero notice, they collected samples and coordinated analysis of each sample, with our team of chemist inspectors and lab technicians all being involved, working 24/7 to complete the analysis to ensure minimal disruption for our customer.

In action

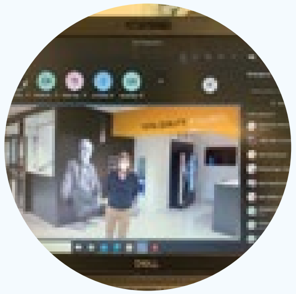
Rotterdam, The Netherlands
Tour of the Rotterdam laboratory by Chris Peirce, Managing Director, showing the various types of testing undertaken at the laboratory.

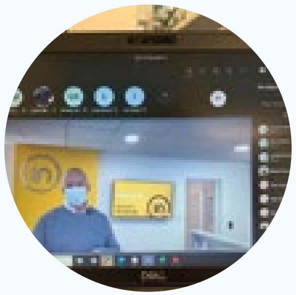




Fürth, Germany
Tour of the Hardlines, Softlines and Business Assurance laboratory by Holger Breins, General Manager Hardlines and Softlines DACH, and Jeniffer Calderon Giraldo, Lab Manager, demonstrating some of the analytical testing undertaken.

Udine, Italy
Tour of the Electrical laboratory by Arianna Fogar Regional Manager Southern Europe and France.





Melbourn, United Kingdom
Tour of the Chemicals & Pharmaceuticals laboratory by Derek Solomon, Site Director.

What did we learn were the issues for employees during 2021?

The engagement with our colleagues highlighted four main areas of concern in 2021 as the pandemic continued:

"Will I continue to be safe at work?"

"What support is there to help with my wellbeing?"

"Will the pandemic affect my job security?"

"How do I know what is happening in our business?"

Workforce engagement
Continued

What did we do?

Safety at work
To ensure the health and safety of all of our employees, protocols and measures were reviewed and updated to ensure the highest standards of control, hygiene and prevention were in place pre, during and post-lockdowns throughout the year across the world. Scientists and researchers continue to improve their understanding of this novel virus and we are reviewing studies as they are published, in order to evaluate and update our HSE policy against the latest intelligence and to try to anticipate what the mid- to longer-term impact on working practices and societies might be. Regular bulletins have been sent to employees as the requirements have changed in their country of work to continue to ensure that our employees are safe.

Hygiene control and prevention guidance
Hygiene measures were set out on posters to be displayed at all Intertek locations.

Employee support for wellbeing
We are conscious that the daily living routines for all continue to be disrupted causing additional anxiety, loneliness, stress and strain and some of our employees have been dealing with the loss of loved ones. The importance of still taking time off was recognised and employees were encouraged to take their holidays.

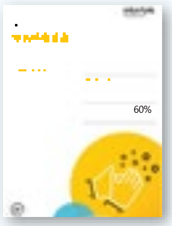
Our Intertek global wellbeing programme, Kindness, was introduced to support the wellbeing of all employees. Kindness is a personal experience that helps all employees make sure that they do the simple things that help build their own personal strength and resilience – to help re-energise, boost wellbeing and unleash our potential. Six spaces were developed and each of these six spaces of wellbeing are available to all employees as e-learning modules. The ten-minute modules introduce the theory and science behind each area of wellbeing, providing tips and suggestions on how to benefit and improve in that area, exercises and tools to apply, and information on where to find out more.

Every year, World Mental Health Day is observed internationally on 10 October. To support our people, initiatives took place across Intertek, including the following:

In October 2021, Intertek Thailand and iStrong introduced an online counselling service programme as our first Employee Assistance Programme to support employees' mental wellbeing. The programme aims to offer support to employees in balancing the pressures of work with the needs of home and personal life. Employees can easily access the services via a website and the counselling services are provided by professional well-trained counsellors and are strictly confidential.

How to wear a face mask instructions

Social distancing guide in Portuguese



Handwashing instructions in Chinese

Throughout October, virtual wellbeing sessions were organised in the MENAP region, covering the following topics:

- Mental health;
- Yoga;
- Cancer awareness; and
- Health and Nutrition sessions.

The sessions included physical and mental activities with professional instructors to help our colleagues connect with their minds and souls, enlighten them about the importance of living a healthy lifestyle, and develop ways to use their power in a positive way.

Intertek South Asia organised a virtual wellbeing session on 'Mental Health Matters'. The webinar covered the basics of mental wellbeing, relaxation exercises and self-help strategies to maintain wellbeing, warning signs of mental health decline, professional consulting advice, and ways to support someone going through a mental health crisis. The session also included time for detailed Q&A and feedback. The participants found the session relevant, informative, and useful, saying that they particularly appreciated the 'commonplace examples which made it interesting', 'detailed explanations', and tips on how to handle stress.

Through our Kindness programme, we will continue to support our colleagues' wellbeing and ensure a safe and healthy work environment in which they can prosper.

Covid-19
The pandemic has brought much uncertainty into everyone's lives, but we believe that society has changed and we are in the 'new normal' and are observing new trends and behaviours and demands for products and services that didn't exist prior to the pandemic. Consumers want more sustainable products, supply chain simplicity, visibility and traceability of goods, new solutions for hygiene, health and wellbeing, as well as lower carbon emissions. Employers are being tasked with developing and providing new tech and virtual remote-working solutions. The world needs Intertek more than ever, with the unrivalled expertise of our people, our focus on delivering risk-based Total Quality Assurance solutions, and our proven track record of innovating and anticipating the growing needs of our clients as the world around them grows more complex. We provide mission-critical ATIC solutions to enable the world's supply chains to operate fully and safely, given the increased expectations from all stakeholders to live in a better and safer society.

Workforce engagement
Continued

Ongoing communication
2021 has been a year full of ups and downs, with the Covid-19 pandemic and other challenges. In spite of these circumstances, our colleagues have been nothing less than extraordinary. An important part of engagement is to ensure that there is ongoing communication throughout the business with our colleagues. Our tool WhatsIn, our global communication platform, keeps our colleagues updated with the latest news across the world. André Lacroix, our CEO, also does global webcasts for the Full Year and Half Year results and sends a message to everyone in December wishing everyone a Happy Christmas.
In July 2021, a video was featured on WhatsIn as a "Special thank you to all of you" outlining the fantastic achievements of our colleagues around the world. We have also encouraged sites to have family days, when safe to do so, so that their families also know more about Intertek and what we do as they form part of the larger Intertek family. Here are some of the family days which have taken place during the year:

Intertek Hong Kong held a Family Day, inviting the friends and families of over 20 of our colleagues to visit the Intertek Hong Kong Office at Lai Chi Kok, Kowloon. The day began with a lab tour. Friends and families of our colleagues visited the Electrical, Softlines and Toys & Hardlines laboratories where their parents work hard to achieve excellence. During the tour, they were able to learn more about the workplace where their loved ones work magic. After the tour, our co-workers and their families joined the fun booth games introducing BBEB.com, biodegradable textiles, e-toys, electrical safety and healthy food choices. Our colleagues worked together to solve puzzles for prizes, there was a prize wheel, photo booth, arts and crafts and so much more.

"This is the first time I've experienced the place my husband works in. The opportunity to know more about my husband's company, with the noble mission of Building Back Ever Better, really made me proud of Gary."
Minami, wife of Gary Yu, Electrical Team
said the Family Day was an experience she will long cherish.

Intertek Australia welcomed 150 special guests to the new Minerals Centre of Excellence in Perth for a Build Back Ever Better family day. Employees were given BBEB shirts and the children were presented with "I am 100% of the Future" shirts and a gift pack with colouring-in books and hats.

Their BBEB mural was coloured in by the children.

Intertek Building & Construction York, Pennsylvania organised a BBEB Family Day at the laboratory where employees and family members gathered for a fun-filled day creating, sharing, and inspiring change for good. Attendees were encouraged to donate canned goods to be provided to the York County Food Bank to help others in need. The future generation spent the day decorating the lab with BBEB colouring book pages and enjoyed face paintings, a dunk tank, bounce house, snow cones, giveaways, lab tours, testing demonstrations and more! The facility tour included the Materials Testing Lab, Mock-Up/WOLF, Acoustics Testing Lab, Fire Testing Lab, and Missile Impact & Shocktube capabilities. All attendees were provided with a pamphlet giveaway that recognised Intertek's BBEB initiative and encouraged individuals to join the conversation on inspiring change and recognising the progress being made at BBEB.com.

"The day was both inspirational and energizing for each of us that attended because it gave us all a chance to showcase what we do to our kids, our families and our friends. It certainly brought our Purpose to life as it was quite clear that our children expect us to make the world a better, safer and more sustainable place for all."
Vinu Abraham
VP, Operations, Building & Construction.

Investor and shareholder engagement

The Board is committed to maintaining an active and open dialogue with investors and sees this as an important part of the governance process. At each meeting, the Board receives a report from the investor relations department and analysts' reports are circulated to the Directors when available. Feedback from meetings held between executive management, or the investor relations department, and institutional shareholders, is also communicated to the Board.

January
- Bank of America, SMID Virtual Cap Conference
- ODDO BHF Forum 2021

March
- Full year results 2020
- London, Edinburgh, Montreal, Chicago, Toronto, New York – Annual Results Roadshows
- Berenberg Virtual UK Corporate Conference 2021
- Jefferies Virtual Business Services Summit Conference
- Bank of America Securities ESG Consumer & Retail Conference 2021

April
- Kepler Cheuvreux Madrid Virtual Roadshow
- Bank of America Securities Milan Investors – Virtual

May
- Trading Statement
- AGM
- Jefferies Structural Winners Virtual Conference

June
- Jefferies Structural Winners Virtual Conference (continued from May)
- Numis PCFM Group Conference Call
- Barclays Testing, Inspection & Certification ('TIC') Virtual Conference
- Berenberg US Roadshow – Virtual
- Berenberg Non-Holder Roadshow – Virtual
- UBS Business, Leisure and Transport Virtual Conference 2021
- JPM China Summit
- Kepler Cheuvreux 2nd Digital Pan-European ESG Conference

July and August
- Half-year results 2021
- London, Edinburgh, Toronto, New York, US Mid-Atlantic, Chicago & Midwest – Interim Results (Virtual Roadshows)

September
- Berenberg Testing, Inspection & Certification Conference 2021
- Bernstein 18th Annual Strategic Decisions Conference
- Citi's Small, Mid-Cap & Growth Conference 2021
- UBS Business, Leisure and Transport Virtual Conference 2021

October
- Jefferies 2021 UK Industrials Virtual Conference, London
- Stifel Virtual Roadshow Paris/Geneva

November
- Goldman Sachs: Carbonomics Conference
- Trading Statement
- Frankfurt Virtual Roadshow
- AGM Update Statement (website)

December
- Societe Generale – The Premium Review 2021 Conference
- Credit Suisse 11th Annual European Business Service Conference
- Berenberg European Corporate Conference London
- Jefferies Business Services Virtual Conference US West Coast

Investor relations programme
Aimed at helping existing and potential investors understand the Group's business model, strategy, financial performance and outlook. The programme is wide-ranging and includes events and roadshows throughout the year to update investors and sell-side analysts on the developments of the Group.

Board shareholder engagement
The Chair, following any engagement with shareholders, ensures that the Board as a whole has a clear understanding of their views. Intertek's largest shareholders, representing 60% of the share register, are invited annually to meet with the Chairman to share their views and discuss any corporate governance matters. During April and May 2021, the Chair held five meetings with shareholders and discussed a range of topics including corporate governance, culture and the increasing focus on climate change. The feedback was presented and discussed with the Board at the May board meeting. Following the 68.74% vote in favour of the Remuneration Policy at the 2021 AGM, the Remuneration Committee consulted with shareholders on their reasons for voting against the Policy. See page 136 for further information on the engagement with shareholders.

Resources
A wealth of information is available to investors in our Annual Report & Accounts, half year announcements and trading updates and Regulatory News Service announcements. These materials are available on our website and are supplemented by videos, webcasts and presentations.

Conferences
Executive Directors and the Investor Relations team attend industry conferences throughout the year, providing the opportunity to meet a large number of investors. Due to Covid-19, mostly virtual conferences took place.

Roadshows
Following the full-year and half-year results announcements, the Executive Directors and Investor Relations team held meetings with the principal shareholders. Due to Covid-19, most meetings took place online.

Feedback Forum
The Executive Directors and Investor Relations team receive regular feedback from sell-side analysts and investors during the year both directly and through the Group's corporate advisers. The Group Company Secretary also receives feedback on governance matters directly from investors and shareholder bodies.

Annual General Meeting ('AGM')
The Board welcomes the opportunity to meet with both private and institutional investors at the AGM.

The 2022 AGM is currently scheduled to be held on 25 May 2022 at 9.00 a.m. at the Marlborough Theatre, No. 11 Cavendish Square, London, W1G 0AN; however, we will keep under review any restrictions that may apply. The AGM provides the opportunity for all shareholders to ask questions of the full Board on the matters put to the meeting, including the Annual Report & Accounts.

All Board members attend the AGM and, in particular, the Chairs of the Audit, Nomination and Remuneration Committees are available to answer questions. The Board welcomes the opportunity to meet with both private and institutional investors at the AGM. The Company proposes a resolution on each separate issue and does not combine resolutions inappropriately. The Notice of the AGM is sent to shareholders by e-communications or by post and is also available at intertek.com.

Due to the unprecedented circumstances presented by the pandemic, and the uncertain local restrictions, the 2021 AGM was held with the necessary quorum present at the Group's Head Office and shareholders were able to safely participate and ask any questions at the AGM virtually using Microsoft Teams. The results of voting at the AGM were published on the Company's website.

Division of Responsibilities

There is a clear division of responsibilities between the running of the Board (a key responsibility of the Chairman) and the day-to-day running of the Company's business (the responsibility of the CEO). These responsibilities have been formalised in writing.

The letters of appointment of the Non-Executive Directors, as well as the service agreements for the Executive Directors, are available for inspection at the Company's registered office and at the Annual General Meeting ('AGM').

Roles and responsibilities

Chairman – Andrew Martin

Key responsibilities

- Leading and governing the Board to ensure its overall effectiveness in directing the Company.
- Assessing and monitoring the culture within the Company and ensuring that it aligns to the Company's purpose and values.
- Ensuring that Directors receive accurate, timely and clear information to enable them to discharge their duties to promote the long-term sustainable success of the Company.
- Ensuring effective two-way communication between the Board, shareholders and key stakeholders.
- Communicating to all Directors the views, issues and concerns of major shareholders.
- Promoting a culture of openness and debate and facilitating constructive Board relations and the effective contribution of the Non-Executive Directors.
- Demonstrate objective judgement.

Chief Executive Officer – André Lacroix

Key responsibilities

- Proposing and agreeing the Group Strategy with the Board.
- Leading the day-to-day operations of the Group in line with the agreed strategy and commercial objectives.
- Promoting and conducting the affairs of the Company with the highest standards of ethics, integrity, sustainability and corporate governance.
- Managing the Leadership Team.

Independent Non-Executive Directors

Key responsibilities

- To constructively debate and add value with respect to the proposals on strategy and risk management and offer specialist advice.
- Scrutinise and hold to account the performance of management and individual Executive Directors against agreed performance objectives.
- Reviewing the appointment and removal of Executive Directors.
- Allocating sufficient time to the Company to discharge their responsibilities.

Senior Independent Non-Executive Director – Graham Allan

Key responsibilities

- Providing a sounding board for the Chairman.
- Being available as an intermediary between the other Directors and shareholders if necessary.
- Leading the annual performance review of the Chairman.
- Being available to meet with shareholders and other stakeholders should they have any concerns that have not been resolved through the normal channels.

Group Company Secretary – Fiona Evans

Key responsibilities

- Supporting the Chairman in delivering Board and governance procedures.
- Advising the Board on all governance matters.
- Ensuring good information flows within the Board and its Committees.
- Facilitating induction and assisting with professional development as required.
- Developing and overseeing the systems that ensure that the Company complies with all applicable codes, in addition to its legal and statutory requirements.
- Facilitating access to independent professional advice at the Group's expense.

Chief Financial Officer – Jonathan Timmis

Key responsibilities

- Managing the financial delivery and performance of the Group.
- Analysing the Company's financial strengths and weaknesses and proposing corrective actions.
- Managing the finance, accounting and IT departments.
- Ensuring that the Company's financial reports are accurate and completed in a timely manner.
- Overseeing the capital structure of the Company, and determining the best mix of debt, equity and internal financing.

Division of Responsibilities
Continued

Independence
On appointment as Chairman of the Company on 1 January 2021, the Board assessed and agreed that Andrew Martin was independent in accordance with Provisions 9 and 10 of the Code. The Board continues to review the independence of the Non-Executive Directors, other than the Chairman, and considers that all of them continue to demonstrate independence in both character and judgement, are free from any conflicting interests and have independent oversight of governance and compliance. The Chairman is committed to ensuring the Board comprises a majority of independent Non-Executive Directors, who objectively challenge management and monitor performance for the benefit of all stakeholders. The Board determined that Lynda Clarizio and Tamara Ingram were independent in accordance with the Code upon their appointment to the Board.

In accordance with provision 11 of the Code, at least half of the Board, excluding the Chair, are Non-Executive Directors whom the Board considers to be independent.

The Board recognises the recommended term within the Code for Non-Executive Directors and the Chairman to ensure the progressive refreshing of the Board meets the evolving needs of the Company. More information on the succession plans of the Board, to ensure the appropriate combination of executive and independent Non-Executive Directors on the Board, is outlined in the Nomination Committee report on page 127.

Time commitment of Directors
The Board recognises the importance of all Non-Executive Directors having the necessary time to commit to the business of Intertek and, upon appointment, their letters of appointment stipulate the expected time commitment whilst acknowledging that this may vary depending upon the demands of the business and other events. All Directors made themselves freely available as required, even at short notice, in order to meet the needs of the business.

Procedures have been put in place and the Directors seek approval from the Board before accepting any additional external appointments. When assessing additional directorships, the Board considers the number and nature of external directorships already held by the individual and the expected time commitment for those roles. During 2021, the Board gave approval to Louise Makin and Lynda Clarizio for new appointments. Approval was granted as it was determined that the additional time commitment, taking into account their current overall responsibilities, would not have an effect on their commitment to Intertek as a Non-Executive Director. Prior to joining the Board, Tamara Ingram and Lynda Clarizio disclosed their current commitments and the time commitment involved. The Board was satisfied that Tamara and Lynda could provide sufficient time to discharge their duties as Directors of Intertek (see their biographies on page 103). As demonstrated, in the Board meeting attendance table, all Directors who were eligible to attend scheduled meetings attended every such meeting and every unscheduled meeting of which there were two. Tamara Ingram and Lynda Clarizio also spent additional time during 2021 for their induction into the business and more information on this is on page 124 in the Induction, Training, and Development section.

In addition to the scheduled Board meetings, there was frequent ad hoc contact between Directors to discuss the Group's affairs and the development of its business. When required, the Board also met at short notice on a quorate basis. During 2021, two additional Board meetings were held to discuss acquisitions and all Directors were present at these meetings.

Two meetings with the Chairman and the Non-Executive Directors, without the Executive Directors or management being present, are scheduled every year. The Chairman also maintains regular contact with the Senior Independent Non-Executive Director.

Where Directors have concerns about the operation of the Board or the management of the Company that cannot be resolved, the minutes will reflect this. No such concerns were raised during the year.

Directors' conflicts of interest
The Board operates a policy to identify, authorise and manage any conflicts of interest to assist Directors in complying with their duty to avoid actual or potential conflicts. The Directors are advised of the process upon appointment and receive an annual refresher. Whenever any Director considers that he or she is, or may be, interested in any contract or arrangement to which the Company is, or may be, a party, the Director gives due notice to the Board in accordance with the Companies Act 2006 and the Articles.

The Conflicts of Interest Register is maintained by the Group Company Secretary and the Board undertakes an annual review of each Director's interests, if any, including outside the Company. Any conflicts of interests are reviewed when a new Director is appointed, or if and when a new potential conflict arises. A formal process is also in place for managing such conflicts to ensure no conflicted Director is involved in any decision related to their conflict and, during the year, this process operated effectively.

Board members and attendance
Board meeting attendance during the year to 31 December 2021

Board members	Scheduled meetings eligible to attend	Meetings attended
Andrew Martin (appointed Chairman 1 January 2021)	5	5
André Lacroix Chief Executive Officer	5	5
Jonathan Timmis (appointed 1 April 2021) Chief Financial Officer	4	4
Ross McCluskey (resigned 1 April 2021) Chief Financial Officer	1	1
Graham Allan Senior Independent Non-Executive Director	5	5
Gurnek Bains Non-Executive Director	5	5
Lynda Clarizio (appointed 1 March 2021) Non-Executive Director	4	4
Tamara Ingram Non-Executive Director	5	5
Dame Louise Makin (resigned 30 June 2021) Non-Executive Director	2	2
Gill Rider Non-Executive Director	5	5
Jean-Michel Valette Non-Executive Director	5	5
Lena Wilson (resigned 31 January 2021) Non-Executive Director	0	0

100%
Attendance from all Board members

Composition, Succession and Evaluation

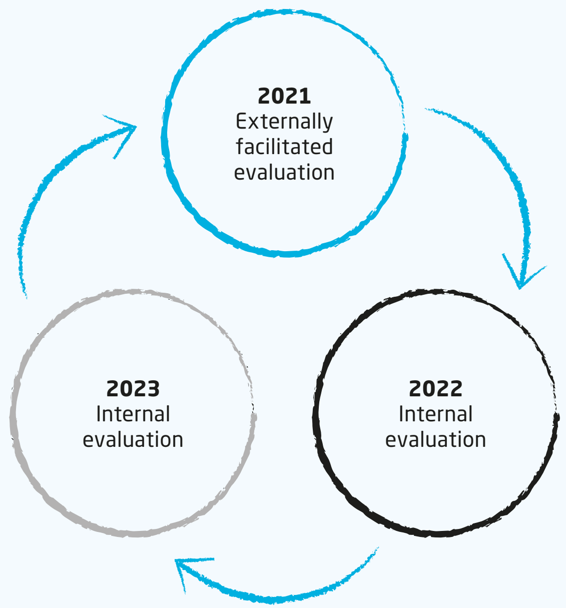
Board appointments
The Board is committed to ensuring that it has the right balance of skills, experience, knowledge and diversity, taking into account the targets of the FTSE Women Leaders and Parker review, to lead Intertek in these complex and fast-moving times and deliver our strategy and TQA customer promise to be a force for good and make the world a better and safer place. More information on the appointment process to ensure that we have the right individuals who can inspire and provide passionate leadership to deliver our 5x5 strategy is outlined in the Nomination Committee report on pages 126 to 129.

Board skills, experience and knowledge
Induction, training and development
There is a full, formal and extensive induction programme which is tailored to ensure that Directors joining the Board are provided with the knowledge and materials to add value from an early stage. This is managed by the Chairman and the Group Company Secretary. During the year, Tamara Ingram, Lynda Clarizio and Jonathan Timmis received a wealth of background information on the Company and details of Board procedures, Directors' responsibilities, various governance-related issues and strategy and priorities within the Group. The induction also includes a series of meetings with other members of the Board, senior members of management and external advisers and visits to our laboratories and sites. Due to the ongoing pandemic and restrictions on travel, a comprehensive programme of virtual visits to our operations was put in place. This enabled our new Directors to meet senior management across the Group and our colleagues working in the labs in China, Italy, Dubai, Germany, Turkey, the US and the UK over a period of seven days. The feedback from the new Directors was that this was one of the most professional and comprehensive induction programmes that they had received which gave a great insight into the business, operations and people. This process will continue to be kept under review, taking into account Directors' feedback.

Ongoing and continual development is crucial to our Directors remaining highly engaged, effective and well informed. All Directors are kept up to date with information about Intertek's business and there is an ongoing programme of information dissemination throughout the year. It is important that the Directors have an appreciation of the business, both in the UK and overseas. During the year, there were presentations from the Leadership Team to the Board and meetings have been held on regional strategy to increase the understanding of operations, opportunities and risks. Intertek is now required to 'comply or explain' against the Task Force on Climate-related Financial Disclosures ('TCFD') and these disclosures are outlined in this Annual Report & Accounts. PwC held workshops with management and the Audit Committee in June and July 2021 to explore these requirements in further detail.

The Company also encourages Directors to attend briefings and seminars offered by professional and commercial bodies in order to keep abreast of current legal and regulatory requirements, especially within their specialist fields such as audit or remuneration.

Board, Committee and Directors' evaluation



The effectiveness of the Board, and its Committees, is rigorously reviewed annually and an independent externally facilitated Board review is conducted every three years. The internal questionnaires are reviewed and updated annually to ensure that the right questions are asked and take into account changes in guidance and regulations.

The 2020 Board internal evaluation process was led by Sir David Reid, with the support of the Group Company Secretary, and entailed:

- the completion of detailed questionnaires by each Board member;
- discussions on the outcomes and recommendations with the Chairman and each Board member; and
- following discussion of the results of the evaluation the Board as a whole, identifying and agreeing areas for improvement – the strategy and strategic agenda having already been agreed at the Board.

For each Committee of the Board a similar process was undertaken. The Committee evaluations looked at ways in which they could improve their overall effectiveness, their performance and areas of improvement during the year. The outcome from these evaluations confirmed that the Committees were performing well and were appropriately constituted.

Following the 2020 Board evaluation, the findings from the internal evaluation continued to be positive with strong scores in the six categories that were evaluated. The findings from the evaluation recognised the continuing drive to be 'ever better' and living the Board promise which defines our work and purpose at Intertek. We identified areas where more discussion time would be helpful especially in the areas of strategy, customer insights and risk and these areas were included in the Board agenda for 2021 and the ongoing assessment and monitoring of culture within Intertek continued to be a focus for 2021. During 2020 and continuing into 2021, as necessitated by the pandemic, we continued to hold virtual meetings and made the best use of the extensive tools we have in place to ensure engagement with our stakeholders, though physical meetings have now been taking place with the necessary health & safety protocols and only in line with local restrictions.

As planned, and recommended by the Code, the 2021 external evaluation process was facilitated by an independent third party, Equity Culture, under the direction of the Chairman. Equity Culture has no other connection to the Company and was appointed after a review of independent advisers in the field of formal Board evaluations.

The externally facilitated Board evaluation process, which considers the Board composition, diversity and how effectively members work together to achieve objectives, was led by the Chairman, with the support of Equity Culture and the Group Company Secretary, and entailed:

- the review and agreement of a questionnaire to be used at meetings with each Board member;
- one-to-one meetings with each Board member and the external evaluator;
- preparation of a report by the external evaluator;
- discussions on the Board evaluation outcomes and recommendations with the Chairman and CEO;
- discussion of the results of the evaluation with the Board as a whole; and
- the Board identifying and agreeing areas for improvement – the strategy and strategic agenda having already been agreed at the Board meeting in December 2021.

Composition, Succession and Evaluation
Continued

The last external review undertaken in 2018 flagged the progress that had been made in a relatively short time since André Lacroix joined Intertek in 2015, especially given the scale, complexity and geographical spread of the business. André bringing clarity to Intertek's purpose, mission, vision, values and strategy with the Board continuing on a journey from good-to-great, alongside that of the business. During the three years up to 2019, the focus had been on reshaping the Board and executive team, further refining and delivering the growth strategy and moving from a decentralised, entrepreneurial portfolio approach to a more integrated, customer-centric, company. Lastly, as with all good companies, the Board culture was to aim for best in class and also for continuing improvement which we call 'Ever Better, Ever Stronger'. So, plans were implemented to push on in what we call our 'journey areas' such as sustainability, where we believed we could deliver for society at large and also our customers for whom we can provide our expertise and services in the key areas of sustainability. This included understanding views of our stakeholders, in particular focusing on engagement with our workforce, which was already a priority of our Board. As part of this, inter alia, we increased the number of site visits our Non-Executive Directors made to the businesses around the world as part of their monitoring of culture at ground level.

The key findings of this year's external evaluation report are very positive as outlined below.

During recent years, a strong culture of high performance and high integrity with a clear sense of purpose has developed on the Board and throughout the Company. Great care has been taken, when adding new Board members, to ensure the right fit, culturally, and in terms of beliefs and outlook to build on the existing excellent chemistry and mutual respect on the Board. Lynda Clarizio and Tamara Ingram, both of whom were on-boarded during 2021, were very positive about the comprehensive induction process, noting the one-to-one meetings held with the CEO, the Board members and Senior Management Team followed by an around the world tour of Intertek including 2-hour presentations from all the main global leaders, virtual site tours and questions enabling the new Board members to experience the dynamics of the business.

The Board is very experienced, and this collective experience was an important factor in ensuring that the Board continued to be as effective throughout the pandemic as it had been before. This enabled the Board to continue to effectively discharge all of its responsibilities despite only having online meetings between March 2020 and up to December 2021. The technology employed to hold online meetings is felt to have worked well and in particular, the online live tours of overseas sites enabled even more sites to be visited than normal. These tours were felt to be so valuable that, although they are not a substitute for in-person visits, they will continue to be used more extensively in future, enabling more sites to be visited.

The mechanics surrounding the Board and Committee meetings works extremely well with well-structured agendas. The clarity of the papers presented enables a complex business to be more easily understood and the papers are of a very high and professional quality. Due to online meetings taking place during the pandemic, there has been a little more emphasis on presentations. As more face-to face meetings now take place, there will be a return to a more discursive emphasis.

The Board recognised the importance of the work to create the Board Promise to embody the role and purpose of all Board members in promoting Intertek's purpose of bringing Quality, Safety and Sustainability to life and which informs the Board's approach to its duties to all stakeholders. Around the Board table there is great pride in what Intertek does across the world for various stakeholders and in the work that our incredible colleagues perform daily to make the world a safer place with precision, pace and passion.

The 'People Agenda', including talent development, retention, succession and employee engagement figures high on the agenda, even more so given the importance of the highly qualified employee base to the ongoing success of Intertek. Succession and talent planning is a very thorough and thoughtful process with twice-yearly discussions at the Board.

André continues to bring a real sense of clarity and alignment to Intertek's strategy and during the year the Board's input and involvement is sought on the areas to be incorporated into the annual strategic review, with the most recent detailed discussion by the Board held last December. Against the backdrop of extensive opportunity for the industry, the discussions included a longer-term horizon, looking forward.

Sustainability is very clearly part of Intertek's DNA and the Board has great confidence in the Company's environmental and social credentials with a sustainability moment now part of every meeting agenda. The Board will continue to consider whether a Board ESG Committee is required, but at present it is considered that the ESG agenda is so important, that it should be the responsibility of all of the Board. Governance overall is seen to be sound.

There is a real sense of community of purpose on the Board with great support and respect for the work André and the management team do in addressing challenges as they arise, most recently with the pandemic, and ensuring that the health and safety of our employees are always the number one priority.

An internally-facilitated evaluation will be held in 2022.

Chairman and Director evaluation
The Non-Executive Directors, led by the Senior Independent Non-Executive Director, conducted a performance review of Andrew Martin, who was the Chairman during 2021. They considered his leadership, performance and overall contribution to be of a high standard during the year.

Andrew Martin, the Chairman, met with each Director to discuss their individual contributions and performance, together with any training and development needs. Following these reviews, the Board remains satisfied that, in line with the Code, all Directors are able to allocate sufficient time to the Company to enable them to discharge their responsibilities as Directors effectively and that any current external appointments do not detract from the extent or quality of time which any Director is able to devote to the Company.

The Board recommends that shareholders should be supportive of their re-election to the Board at the 2022 AGM.

Group Company Secretary support
The role and responsibilities of the Group Company Secretary are outlined on page 122.

Nomination Committee report

"The need to keep the Board refreshed but at the same time maintain a knowledgeable and experienced team of Non-Executive Directors is crucial and forms a large part of the Committee's work."

Andrew Martin
Chairman

Dear shareholder,
I am pleased on behalf of the Nomination Committee ('Committee') to present the Committee's report for 2021.

The Committee continues to focus its discussions on reviewing the current experience and skills on the Board and the likely future needs in order to build up a total skills overview and identify any gaps; the outcome from the Board evaluation is also used to inform these discussions.

A priority is Executive and Non-Executive Director succession planning. During the year, we had the retirement of both Louise Makin and Lena Wilson as they completed nine years since their date of appointment as Non-Executive Directors. The need to keep the Board refreshed but at the same time maintain a knowledgeable and experienced team of Non-Executive Directors is crucial and forms a large part of the Committee's work.

The Covid-19 global pandemic highlighted the importance of a cohesive and experienced Board to provide strength and resilience to help lead the Group through any crisis. It is also now vital that we have the right skills and expertise around the Board table to help support the business to seize the sustained long-term growth opportunities in our industry, as the pandemic has made the case for Total Quality Assurance clearer and stronger for our clients and we now expect the $250 billion global Quality Assurance market to grow faster post Covid-19.

The Committee has demonstrated its ability to successfully identify the key characteristics required on the Board and in March 2021, Lynda Clarizio was appointed to the Board as a Non-Executive Director. Lynda is a highly experienced, committed, and well-rounded businesswomen with a track record of outstanding leadership in her area of expertise and proven adaptability; Lynda is an excellent addition to the Board.

We also welcomed Jonathan Timmis to the Board as Chief Financial Officer in April 2021 and Ross McCluskey, the previous Chief Financial Officer, moved into an operational role within the Intertek Group with responsibility for Europe and Central Asia.

During the last two years, the Board and Senior Management team have demonstrated their versatility, adaptability and ability to react quickly to evolving challenges, whilst simultaneously navigating the Group through these unprecedented times with the strategy remaining core to the decision-making. Our colleagues at Board and management level have illustrated the defining characteristics we strive for in our Intertek leaders when carrying out succession planning, which in turn exemplifies the successful mechanics of the Committee.

Andrew Martin
Chair of the Nomination Committee

Nomination Committee report
Continued

Membership of the Committee
During the year, we held two formal meetings. Attendance of members at formal meetings is shown in the table below. The Group Company Secretary attends all formal meetings of the Committee and the Committee invites the CEO and the EVP, Human Resources to attend meetings when the subject matter deems their presence appropriate.

Committee meeting attendance during the year to 31 December 2021

Committee members	Scheduled meetings eligible to attend	Meetings attended
Andrew Martin (Chair)[1]	2	2
Graham Allan	2	2
Gurnek Bains	2	2
Dame Louise Makin (resigned 30 June 2021)	1	1
Lena Wilson (resigned 31 January 2021)	0	0

1. Appointed Chair of the Committee on 1 January 2021.

100%
attendance

Role and key responsibilities of the Committee
- Review the structure, size and composition of the Board and its Committees.
- Identify, review and nominate a diverse pipeline of candidates to fill Board vacancies[1].
- Evaluate the balance of skills, independence, knowledge, experience and diversity on the Board and its Committees.
- Review the results of the performance evaluation process that relates to the composition of the Board and its Committees.
- Review the time commitment required from Non-Executive Directors.
- Review succession plans regularly.

1. Neither the Chairman nor the CEO participates in the recruitment of their own successor.

The full Terms of Reference of the Committee, which were updated in 2019, can be found on our website.

Committee responsibilities and how we met them in the year
Performance evaluation
As part of the annual Board evaluation, the Committee's performance was evaluated by all Committee members and it was shown that the Committee continues to be able and effective in discharging its duties in accordance with its Terms of Reference and the requirements of the Code.

Board and Committee composition
During the year, we continued to monitor the composition of the Board and its principal Committees and the independence of our Non-Executive Directors. We undertook our annual review of the Board's effectiveness and composition. To ensure that the Board comprises a wide range of skills, experience and attributes, the Committee discusses and reviews extensively the experience, skills and behaviours required of future Directors, including the qualities of the individual required to ensure the right fit with the culture and style of Intertek.

The review concluded that the current composition of the Board and each Committee contained a good balance of skills, multi-industry sector and geographic experience, as well as diversity. The Committee also unanimously agreed, following the consideration of the independence of each Non-Executive Director, that each Non-Executive Director continued to be independent in accordance with the criteria set out in the Code. The Chairman was independent upon appointment.

Talent mapping, succession planning and senior management succession
We continue to focus our discussions on the different time horizons within our succession planning, including contingency planning for sudden and unforeseen departures, the orderly replacement of current Board members and senior management, and a longer-term view looking at the relationship between the delivery of the Group strategy and objectives and the skills needed on the Board now and in the future.

As part of our succession planning, the Committee initiated a search for a new Non-Executive Director. In addition to the specific skills, knowledge and experience deemed necessary, the role specification contained criteria such as competency and personal qualities that would be required for the position. The Committee also paid close attention to ensure that the candidate selected exhibited the right behaviours to fit the culture, values and ethics of the Group and would also be able to allocate sufficient time to the Company to discharge their responsibilities.

The Committee engaged Spencer Stuart, an external search agency with no other connection to the Company or its individual Directors, to assist with the selection process. An initial list of potential candidates was produced and shortlisted. The Committee members and the Chairman met separately with the shortlisted candidates, following which they agreed to recommend to the Board the appointment of Lynda Clarizio who was appointed to the Board on 1 March 2021. Lynda has over 20 years' experience in the media industry and her significant experience in digital measurement and broader technology provides a strong addition to the current skills on the Board.

As outlined in the 2020 Annual Report & Accounts, in 2020, the Board approved the external appointment of Jonathan Timmis as Group Chief Financial Officer, taking over from Ross McCluskey. Jonathan then joined the Board on 1 April 2021.

Jonathan is a Fellow of the Chartered Institute of Management Accounting. He has had an exceptional career with some of the top companies in the world. At Reckitt Benckiser, Jonathan had a number of senior roles including CFO Health, Group Controller, Regional Finance Director for North America and Regional Finance Director for Southern Europe. Prior to his time at Reckitt Benckiser, Jonathan spent several years in senior finance roles with SAB Miller, including three years as the Finance Director of Royal Grolsch and also for its UK business. Jonathan's early career in finance was with PricewaterhouseCoopers.

Ross McCluskey, who was appointed as Group Chief Financial Officer on 22 August 2018, was appointed into an operational role as Executive Vice President Europe and Central Asia with effect from 1 April 2021. Throughout Ross's tenure as Group Chief Financial Officer, the Group's organisation capability significantly strengthened, as well as the cost, cash, control and performance management processes throughout the global finance function.

Following the Board changes previously discussed, subsequently there were a number of changes to the composition of the Committees of the Board: with effect from 1 January 2021, Andrew Martin stepped down as Chair of the Audit Committee in line with Provision 24 of the Code and Jean-Michel Valette was appointed Chair of the Audit Committee with immediate effect. Gill Rider and Lynda Clarizio were also appointed as members of the Audit Committee on 1 February 2021 and 1 July 2021, respectively, and Tamara Ingram was appointed as a member of the Remuneration Committee on 1 July 2021.

With effect from 31 January 2021, Lena Wilson retired from her role on the Board after having served for nearly nine years from the date of her appointment as a Non-Executive Director. In addition, Louise Makin retired from the Board on 30 June 2021 having served for nine years from the date of her appointment. Throughout their tenure, they were both diligent and valued members of the Board and the Committees upon which they served, and we thank them for their enthusiasm, dedicated service and valuable contribution.

Nomination Committee report
Continued

Board reappointments
Having come to the end of her second three-year term as Non-Executive Director on our Board on 30 June 2021, Gill Rider's appointment was reviewed. Following this review, the Board was happy to reappoint Gill for a final three-year term, until 30 June 2024.

Where the reappointment of a member of the Committee is being discussed, they are precluded from any involvement in the discussions. In the instance where the reappointment of the Chairman is being discussed, the Senior Independent Non-Executive Director would chair the Committee meeting.

Biographies for all of the Directors are available on pages 102 to 104, and a resolution for each Director will be proposed at the forthcoming AGM for their re-election.

Board evaluation
The process and findings of the external evaluation of the Board and the evaluations of each Committee and Director are outlined on pages 124 to 125. An evaluation can determine whether there are any gaps in the skills and composition of the Board. Following the last evaluation, it was concluded that the Board, each Committee and each Director continue to perform effectively and contribute to the long-term sustainable success of Intertek. The outcomes and the actions taken from the evaluations undertaken in 2020 and 2021 are outlined on pages 124 to 125 and the feedback from the Board evaluation is taken into account when determining the key skills required for new Directors on the Board for the future.

Diversity Policy
The Board and the Committee are committed to achieving a Board which embraces diversity in culture, gender, skills, background, regional and industry experience and other qualities to truly reflect the diverse nature of our business which operates in more than 100 countries. All of these factors are considered in determining the composition of the Board to ensure that we have the best people to lead Intertek, a leading Quality Assurance provider to industries worldwide.

In identifying suitable candidates to recommend for appointment to the Board, the Committee considers all candidates on merit, against objective criteria, and with due regard for the benefits of diversity on the Board to achieve the most effective Board possible.

Due to the strategic importance of talent mapping and succession planning to the long-term sustainable success of the Group, the Board, as a whole, discusses and supports succession planning in the Leadership Team and as part of that discussion review the diversity, as well as talent mapping across the Group in respect to Regional, Country and functional roles.

Chairman and Non-Executive Director Appointment Process

Skills and Composition Review
The Committee reviews the structure and composition of the Board, in turn considering the balance of skills, experience, industry and geographic experience and knowledge, diversity, independence, cognitive and personal strengths of the current Board. When considering these factors, the Committee is mindful of attributes which are favourable to assist in the delivery of the Group's strategy.

Creating the Brief
The Committee, following the skills and composition review, compile a brief for the vacant position which outlines favourable characteristics and attributes that they desire the appointed individual to hold. This brief is then shared with the chosen consultant who will utilise the brief to compile a list of suitable candidates.

Longlist and Shortlist Review
The appointed consultant presents an initial longlist of candidates. This list is then shortlisted using the brief as a guide to determine suitability.

Due Diligence
Once the candidates are shortlisted, initial interviews are held and the shortlist reduced further. The final candidates are invited to separate meetings with the Committee members and the CEO.

Recommendation
Once a preferred candidate is chosen, the Committee makes a recommendation to the Board to appoint the individual into the vacant position.

This has enabled the Board to gather insights on the key success factors desired for senior roles within the Group and support in developing a diverse pipeline in order to drive the Group's 5x5 strategy. The Leadership Team can be found on page 105.

Our policy on Board gender diversity, which is available on our website at intertek.com, supports the recommendations of the FTSE Women Leaders Review (formerly the Davies Review and Hampton-Alexander Review) ('Review'), which encourages at least 33% representation of women on FTSE 350 boards and with the Parker Review 'Beyond One by 21', which recommended that FTSE 100 company boards should have at least one ethnically diverse Director by 2021.

We met and complied with both the targets outlined in the Review and the Parker Review by the end of 2020. As at 31 December 2021, we had three female Non-Executive Directors representing 33% female membership and one ethnically diverse Director on the Board.

The gender balance, ethnicity and geographical heritage of the Board as at the date of this report is set out in the diagrams on the next page. Also, one of our key performance indicators is to increase the proportion of women in senior leadership roles to 30% by 2025. Intertek's Inclusion & Diversity policy eliminates discrimination to ensure that employees are treated fairly and feel respected and included in the workplace, which is vital as our people are core to the delivery of the best service to customers and driving the strategy of Intertek. As at 31 December 2021, as per the definition in the Code, the senior management gender balance was 17 male and three female and their direct reports were 208 male and 69 female. Further details regarding gender balance across the Group is outlined on page 77 within this report.

The Committee continues to monitor the overall inclusion and diversity of Intertek's leadership at Board and senior management level, to ensure the broadest range of leaders are considered for new appointments.

Nomination Committee report
Continued

Skills and experience on the Board as at 31 December 2021

Director	Consulting	Risk Management	Customer Service/Care	People	Finance	International	Sustainability	Digital/ Technology	UK Listed Company Director	Previous/ Current CEO	UK NED Experience
Andrew Martin[1]		✓	✓		✓	✓	✓		✓		✓
André Lacroix		✓	✓	✓	✓	✓	✓		✓	✓	✓
Jonathan Timmis[2]		✓			✓	✓	✓	✓	✓		
Graham Allan	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Gurnek Bains	✓	✓	✓	✓		✓	✓		✓	✓	✓
Lynda Clarizio[3]		✓	✓	✓	✓	✓	✓	✓		✓	
Tamara Ingram			✓		✓	✓	✓	✓	✓	✓	✓
Gill Rider	✓	✓	✓	✓		✓	✓		✓		✓
Jean-Michel Valette	✓	✓	✓		✓	✓	✓		✓	✓	✓

1. Appointed Chairman on 1 January 2021.
2. Appointed 1 April 2021.
3. Appointed 1 March 2021.

In the FTSE Women Leaders Review (formerly the Hampton-Alexander Review) 2022, Intertek is ranked:

72 out of 98

FTSE 100 rankings for Women on Boards and in Leadership

Ranked

34

of 48 in the Industrial Goods & Services sector across the FTSE 350

Board composition and diversity as at 31 December 2021

Board balance by gender

Male	67%
Female	33%

Board balance by independence

Executive Directors	22%
Independent Non-Executive Directors	78%

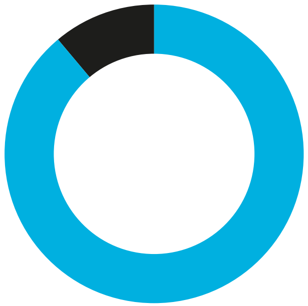
Board tenure

0-3 years	33%
3-6 years	45%
6-9 years	22%

Geographical heritage

Europe	56%
North America	22%
Australasia	11%
South East Asia	11%

Board ethnicity



White	89%
Asian	11%

Audit Committee report

> "I was delighted to welcome Gill Rider and Lynda Clarizio as members of the Committee on 1 February 2021 and 1 July 2021, respectively. Their combined extensive global business experience has brought valuable skills and insights to the Committee table."

Jean-Michel Valette
Chair of the Audit Committee

Dear shareholder
On behalf of the Audit Committee ('Committee'), I am pleased, as its new Chair, to present the Committee's report for 2021.

I took up my current role with effect from 1 January 2021 following Andrew Martin's move to become Chairman of the Board at the start of 2021. Since then, I have been delighted to welcome Gill Rider and Lynda Clarizio as members of the Committee on 1 February 2021 and 1 July 2021 respectively, and to benefit from their combined global business experience around the Committee table. We were sad to lose the valuable contributions of both Louise Makin and Lena Wilson as members of the Committee when they retired as directors in June and January respectively. I would like to express my grateful thanks to both Louise and Lena for their service on the Committee.

This report aims to outline the activities and the responsibilities of the Committee, and is intended to provide shareholders with an insight into key areas considered in scrutinising the conduct of the business, its management and auditor, to protect the interests of our shareholders, the livelihoods of our employees, and the confidence of our customers and other stakeholders in the long-term financial strength of our Group.

As Chair of the Committee, I shall, as did my predecessor, make myself available to shareholders, especially at the AGM, to facilitate the answering of any questions that they may have around the scope of the Committee's responsibilities as a whole, the Committee's activities throughout the year, and any other questions that may arise from this report. However, as with many aspects of our business during the year, the priority for the 2021 AGM was to ensure our shareholders safety, making a physical meeting unsuitable but arrangements were put in place to ensure that shareholders were able to participate using Microsoft Teams and given the opportunity to ask the Committee any questions.

During 2021, whilst the Committee's primary focus centred on the accuracy of the Group's financial reporting, we have applied additional focus to assess the risk management and internal control framework, together with the additional work carried out to support the long-term viability statement. Regardless of the pandemic, Intertek's business model remains resilient, but like other companies operating during these challenging times, we continue to support and closely monitor the financial results of the Group.

The Committee has also been monitoring the heightened scrutiny on the external reporting of ESG and more specifically sustainability and the effects of climate change on companies. Intertek is now required to 'comply or explain' against the Task Force on Climate-related Financial Disclosures ('TCFD') and these disclosures are outlined in this Annual Report & Accounts. Following the request of the Committee in February 2021, PwC held workshops with management and the Committee in June and July 2021 to explore these requirements in further detail. As part of TCFD compliance, we have reviewed and approved management's assessment of the physical and transitional environmental risks to the Group.

We advised the Board that the 2021 Annual Report & Accounts are fair, balanced and understandable and provides the necessary information for our shareholders to assess the Group's position, performance, business model and strategy. The process of review is described in greater detail on page 134.

PricewaterhouseCoopers LLP ('PwC') completed their sixth full audit of the Group for the year ended 31 December 2021. During the year, the Committee reviewed and agreed the independence and

Audit Committee report
Continued

effectiveness of the audit process, in establishing positive relationships and providing a good level of service to the Group, even though due to the pandemic the majority of the work during 2021 was undertaken remotely, whilst seeking continual improvements in the audit of Intertek.

Throughout the year, the Committee also ensured that separate meetings with the CFO, Group Audit Director and the external auditor took place without management present in order to provide an open forum for any issues to be raised.

An external evaluation of the Committee was conducted during the year, and concluded that the Committee is effective in discharging its duties in accordance with its Terms of Reference and the requirements of the Code.

Jean-Michel Valette
Chair of the Audit Committee

Committee composition

The Board is satisfied that the Committee, led by Jean-Michel Valette, has the recent and relevant financial experience and competence relevant to the sectors in which Intertek operates, required by the Code. Jean-Michel, Gill and Lynda collectively possess the qualities which, when complemented by Jean-Michel's relevant Executive and recent extensive Non-Executive financial experience, including his current role as Chair of the Audit Committee of the Boston Beer Company in the US, enable an effective committee. Previous to his role at Boston Beer, Jean-Michel has been Audit Committee Chair of each of Sleep Number, Inc and Peet's Coffee & Tea Inc, where, in each case, he was designated Audit Committee financial expert. The Committee's collective experience in the roles of Chief Executive Officer, as well as other senior global positions, demonstrates their ability to oversee key risks, not just financial, as well as maintain the intellectual curiosity and the professional challenge needed to operate effectively as a committee.

During 2021, the composition of the Committee met the requirements of the Code.

Effective 1 January 2021, Andrew Martin stepped down as Chair of the Committee and Jean-Michel Valette took up his position. Following the retirement of Lena Wilson as a Director on 31 January 2021, Gill Rider was appointed a member of the Committee with effect from 1 February 2021. Furthermore, following the retirement of Louise Makin as a Director on 30 June 2021, Lynda Clarizio was appointed a member of the Committee with effect from 1 July 2021.

On appointment, new Committee members receive an appropriate induction, consisting of meetings with senior management and the Group's internal and external auditors, a review of the Terms of Reference, previous Committee meeting papers, minutes, and information on the Group's financial and operational risks.

An overview of the background, knowledge and experience of the Committee Chair and each of the Committee members can be found on pages 102 to 104 and in the Notice of the AGM.

During the year, the Committee held four formal meetings. Attendance of members at meetings is shown in the table below.

Committee meeting attendance during the year to 31 December 2021

Committee members	Scheduled meetings eligible to attend	Meetings attended
Jean-Michel Valette (Chair) (appointed Chair on 1 January 2021)	4	4
Lynda Clarizio (appointed 1 July 2021)	2	2
Dame Louise Makin (resigned 30 June 2021)	2	2
Gill Rider (appointed 1 February 2021)	4	4
Lena Wilson (resigned 31 January 2021)	0	0

100%
attendance

Performance evaluation

The internal evaluation of the performance of the Committee was conducted during the year and entailed the completion of a detailed questionnaire by each of the Committee members, review and discussion of the results of the evaluation and identifying and agreeing areas for improvement. The Committee reviewed their functionality, members' individual strengths and identified any additional training that may be beneficial. The review concluded that the timing of meetings and clear annual agenda worked well, the composition of the Committee was good with the two new members bringing fresh perspectives to the discussions, there was very thorough reporting by the Chair and the Committee to the Board and the meeting materials of a very good quality. It was shown that the Committee is able and effective in discharging its duties in accordance with its Terms of Reference and the requirements of the Code.

Committee responsibilities and how we met them in the year

The Committee has specific responsibilities delegated to it by the Board and the full Terms of Reference of the Committee can be found at intertek.com. The Group Company Secretary, the audit partner and members of his team attended all meetings held during the year. At the invitation of the Committee, the Chairman, CEO, CFO, Group Director of Financial Reporting and the Group Audit Director attended meetings. Other members of senior management were invited to attend the meetings as necessary.

The business of the Committee is linked to the Group's financial calendar of events and the timetable for the annual audit. The table overleaf outlines what the Committee considered during 2021.

Financial Reporting

A principal responsibility of the Committee is to monitor the integrity of the financial statements of the Group, having regard to the matters communicated to us by the external auditor, and to measure the performance of the Group against the financial goals of our strategy. This is key for our shareholders and other stakeholders in order for them to understand the financial strength of the business.

In order to fulfil this responsibility, we reviewed the full-year and half-year results, as well as any formal announcements relating to the Group's financial performance, prior to release. We also reviewed significant accounting policies and confirmed that it remains appropriate to report as a going concern.

Going concern

We received a detailed report from management with the approach taken to the going concern statement and viability statement which included the projected funding requirements, the facilities available to the Group, the sensitivity models used including an illustrative severe yet plausible downside scenario of a reduction of 30% to the base profit forecasts and the corresponding impact to cash flow forecasts in both 2022 and 2023 and the review of principal risks and uncertainties undertaken.

The Committee reviewed the paper and challenged the assumptions with management and after making diligent enquiries, the Directors have a reasonable expectation, based upon current financial projections and bank facilities available, that the Group has adequate resources to continue in operation and meet its liabilities as they fall due over the period. This conclusion is based on a review and an assessment of the levels of facilities expected to be available to the Group, based on levels of cash held, Group Treasury funding projections, and the Group's financial projections for a period to 31 December 2022. As disclosed in note 14 of the financial statements, equivalent borrowing levels are expected to be available at 31 December 2022. Note that $640 million of USPP debt was raised during December 2021 and will be drawn during Q1 of 2022. The proceeds will be used to repay US$140 million

Audit Committee report
Continued

Committee's activities during 2021

February	May	July	December
Management Highlights Memorandum for the year ended 31 December 2020	Intertek Assessment of PwC Effectiveness	Management Highlights Memorandum for the period ended 30 June 2021	Accounting update paper for the year ended 31 December 2021
Viability Statement	PwC Audit Plan and strategy for the year ended 31 December 2021	Going Concern assessment	Internal controls update
Going Concern assessment	Internal Audit Report Q1 2021	PwC Interim review findings for the period ended 30 June 2021	Group Risk Process and Viability Statement basis of preparation for the year ended 31 December 2021
Letter of Representation to PwC and Statement of Directors' Responsibilities for the year ended 31 December 2020	Treasury policy update	Letter of Representation and Statement of Directors' Responsibilities for the period ended 30 June 2021	Core Mandatory Controls and Assurance Map update
PwC report to the Committee for the year ended 31 December 2020 and independence confirmation	Private meeting without management with the Group Audit Director	Draft 2021 Half-Year Results	Non-audit fee update
Draft 2020 Full-Year Results		Internal Audit Q2 2021 update, draft 2022 audit plan and organisation update	PwC pre-year end accounting and controls update
Policy for engagement of External Auditors, spend for 2020 and pre-approval of non-audit activities for the year ended 31 December 2021		Private meetings without management with (i) PwC and then (ii) the CFO	Internal Assessment of Internal Audit effectiveness
Internal Assessment of Internal Audit Effectiveness			Internal Audit Report H2 2021
Internal Audit Report Q4 2020			Internal Audit Plan for 2022 and Internal Audit Charter
2021 Rolling Committee Agenda			Private meetings without management with Group Audit Director
2020 Evaluation of the Committee			
Committee Terms of Reference			
Private meetings without management with (i) PwC and then (ii) the CFO			

of senior notes that matured in January 2022 and SAI Acquisition Facility B drawings of AU$264 million and US$291 million in March 2022. Following the recommendation of the Committee, the Board continues to consider it appropriate to adopt the going concern basis in preparing the Group's financial statements (as disclosed in note 1 of the financial statements on page 179) and has approved the long-term viability statement as set out on page 44.

External auditor
The appointment, review and relationship with the external audit firm and the annual review of the effectiveness of the external audit is a responsibility that is delegated to the Committee.

The Committee monitors and reviews the independence and objectivity of the external auditor and reviews the effectiveness of the external audit process. The Committee also considers and makes recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, reappointment and removal of the Group's external auditor. It ensures that at least once every ten years the audit services contract is put out to tender to enable us to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms.

A transparent and independent audit tender process was completed in 2015 and PwC have been the Group's auditors since May 2016. In line with current regulation, the Group is required to put its external audit process out to tender again in 2025–2026. In May 2021, Ian Chambers stepped down from his role as the Audit Partner after serving as the Audit Partner since May 2016, and Graham Parsons was appointed as the new Audit Partner. Graham attended his first committee meeting in May 2021, and an extensive induction took place to ensure a smooth uninterrupted handover from Ian Chambers. The induction included visits to many Intertek locations both in person and remotely using technology.

The independence of the external auditor is critical for the integrity of the audit. The Committee sought confirmation from the auditor that they are fully independent from the Group's management, are free from conflicts of interest and have assessed the nature and level of non-audit fees paid to PwC and have determined that PwC are fully independent.

Effectiveness of the external audit process
The Committee conducts an annual review to assess the independence and objectivity of the external auditor and the effectiveness of the audit as part of the year-end process. This process is conducted in three parts as outlined on the next page:

Audit Committee report
Continued

1. PwC presents to the Committee its approach to safeguarding and maintaining the quality and independence of their audit of the Group and their auditors, including addressing any risks they face in maintaining audit quality across their network. This is an extensive report covering all aspects of the audit from the scope of work, reporting the outcomes of findings, the key audit matters, fraud and investigations, intercompany transactions, treasury, key risks, going concern and IT environment. Each aspect is reviewed and debated with the auditors. The Committee was satisfied that the audit was extensive, sufficiently challenging and robust.

   Following the completion of PwC's 2020 audit, the Committee was informed that the Audit Quality Review function of the Financial Reporting Council had chosen the Group's audit for its review. The Committee has received a copy of the review and was pleased to note that it did not identify any key findings and only a limited number of improvements were required.

2. The views of management and the Directors on PwC's service, level of challenge, and application of professional judgement are obtained via a questionnaire, and subsequent follow up as necessary. The feedback is then presented to the Committee.

3. The key findings and recommendations from both processes, together with any form of appropriate external valuation such as feedback from shareholders and the FRC Audit Quality Inspection Report then form the basis of the assessment of PwC's effectiveness, together with the Committee's experience of dealing with PwC during the year.

The responses to the annual appraisal questionnaire were collated and incorporated into the planning process for the following areas: Planning, Fieldwork and Reporting.

Following this review, the Committee considered in detail the feedback received from a selection of Intertek personnel, including Committee members, group functions, regional finance teams and country finance managers. The feedback scores from the survey demonstrated an increase in the scores compared with prior year for two of three sub-categories of Planning and Fieldwork. The overall perception of PwC's effectiveness remains positive, with 97% of respondents either agreeing or mostly agreeing with the statements outlined in the questionnaire. Overall, the audit went smoothly particularly given the challenge of performing the audit remotely in many locations. Indeed, several respondents commented that there were efficiencies gained from this approach with meetings becoming more targeted and focused. The audit findings and the areas to improve were discussed at the May 2021 Committee meeting and PwC effectively addressed questions and challenges provided by Committee members.

The Committee concluded, at the meeting held in May 2021, that PwC remained independent and that, overall, PwC had completed a robust and fit-for-purpose audit process across the Group with a satisfactory level of resources.

The effectiveness of the 2021 audit of the Group will be reviewed by the Committee in May 2022.

Audit and non-audit fees
The Group has set out a policy on the provision of non-audit work by the external auditor consistent with the 2019 Ethical Standard issued by the FRC and it is designed to ensure that the provision of such services does not create a threat or compromises the external auditor's independence and objectivity.

The policy outlines in detail the services that the external auditor cannot provide including tax services, services that involve playing any part in the management or decision-making of the audited entity amongst others. It identifies certain types of engagement that the external auditor shall, subject to the audit cap, be permitted to undertake, including with respect to audit-related services such as reporting required by law or regulation to be provided by an auditor, reviewing interim financial information, reporting on regulatory returns, reporting to a regulator on client assets and reporting on government grants. With respect to non-audit services, the policy outlines the services that can be provided by the external auditor as required by law or regulation and are exempt from the non-audit fee cap.

In the event that an engagement for non-audit services arises, the policy is designed to ensure that the external auditor is only appointed where it is considered to be the most suitable supplier of the service and the necessary prior approvals have been given in accordance with the policy.

The Committee annually reviews and re-approves the framework of permitted non-audit services as set out in the policy, taking into account any changes in legislation and best practice. PwC also provides an update on the spend for non-audit services twice a year. For 2021, the Committee pre-approved a total non-audit spend of £250,000.

As per the policy, all non-audit services have to be approved by the CFO, and in the event that the pre-approved limit is exceeded, the Committee Chair and the CFO have to approve an increase to the pre-approved limit. In 2021, this process operated effectively.

A summary of the fees paid for non-audit services is set out in the next column. The majority of the non-audit fees related to a review by PwC of the Interim Results announcement, which is deemed a non-audit service. This was considered appropriate as PwC also audit the full-year results.

Further information is contained in note 4 to the Financial statements on page 184.

Audit fee breakdown for services provided by PwC in 2021

	2021 £m	2020 £m
Total non-audit fees	**0.1**	0.2
– audit-related services	**0.1**	0.2
– tax services	**-**	–
– other non-audit services	**-**	–
Audit fee	**4.7**	4.8
% of audit fee	**2%**	4%

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 ('CMA Order') - Statement of compliance
The Group confirms that it complied with the provisions of the CMA Order for the financial year under review.

Internal audit
The Group has an Internal Audit function, whose activities are overseen by the Committee, which provides assurance over compliance with the Group's framework of financial CMCs.

The Committee monitors and reviews the effectiveness and resources of the Internal Audit function. To this end, the Committee approves the Internal Audit programme and charter for the year. The Committee reviews the internal audit reports and monitors management's responsiveness to the findings and recommendations of the Group Audit Director, as well as approving the appointment and removal of the Group Audit Director as appropriate. The Committee noted that, despite the ongoing pandemic, the Internal Audit team had completed the full programme of audits planned for the year. When reviewing the summary findings, management responses, progress against audit recommended improvement plans and average compliance scores, the Committee were satisfied that the Internal Audit function continued to work effectively and focus its activities in the areas with most need.

Independent review of effectiveness
An independent review of effectiveness, which is generally carried out every three years, was undertaken by Grant Thornton in 2019. Their approach considered four key areas: Performance, Planning, People and Positioning. The review concluded that Internal Audit is a valued function of the business and that their role in defining expectations and improving compliance with the financial CMCs is widely acknowledged. They further concluded that the function exhibits a number of areas of good practice, in particular in the continuous improvement agenda of the team, as well as their innovative processes and reporting. The report also highlighted that the remit of the Internal

Audit Committee report
Continued

Audit role could evolve and expand in the future. Given dislocations due to Covid-19, the next review of effectiveness will be in 2023.

In 2021, the Committee:

- Oversaw the independence of Internal Audit by maintaining a direct independent reporting line between the Group Audit Director and the Committee Chair, and by meeting with the Group Audit Director without the presence of management.
- Approved the audit plan aimed to ensure that all significant businesses have received multiple audits considering the ongoing impact of Covid-19 on the ability to undertake internal audits. The Committee gave due consideration to local Government Covid-19 regulations in each country and reviewed the audit plan accordingly with internal audits outside of the US and China being carried out remotely.
- Reviewed reports on internal audit activities including overall progress in delivering the plan and summaries of each audit performed, with commentary on compliance with the financial controls framework, areas of good practice and areas for improvements. The Committee has noted a steady improvement in audit scores over the period since the introduction of the Core Mandatory Controls framework.
- Monitored management progress on addressing audit actions.
- Reviewed the annual assessment on the effectiveness of the Group Internal Audit function which included feedback from key business stakeholders. An action plan for areas of improvement was approved.

The Committee satisfied itself that the quality, experience and expertise of the function is appropriate for the business.

Fair, balanced and understandable assessment

The Code depicts that through its financial reporting, the Board should provide a fair, balanced and understandable assessment of the Group's position and prospects. We, at the Board's request, reviewed the 2021 Annual Report & Accounts to determine whether, taken as a whole, the report meets the standard prescribed, whilst simultaneously providing shareholders with the necessary information to facilitate their assessment of the Group's position, performance, business model and strategy.

In justifying this statement, the Committee has considered the robust process that underpins it, which includes:

- clear guidance and instruction given to all contributors, including at business line level;
- revisions as a result of regulatory requirements monitored on a regular basis;
- pre year-end discussions held with the external auditor in advance of the year end reporting process;
- pre year-end input provided by the senior management team and from corporate functions;
- a verification process dealing with the factual content of the reports to ensure accuracy and consistency;
- comprehensive review by the senior management team to ensure overall consistency and balance;
- review conducted by external advisers and the external auditor on best practice with regard to the content and structure of the Annual Report & Accounts;
- review and consideration of the financial statements by the Committee; and
- final sign-off by the Board.

Internal control and risk management systems

A key focus for the Committee is to monitor throughout the year and keep under review the adequacy and effectiveness of the internal financial controls and the internal control and risk management and assurance systems across Intertek.

'Doing Business the Right Way' is at the heart of what we do and is a key enabler of our 5x5 strategy for growth. The Intertek Core Mandatory Controls ('CMCs') are an integral part of 'Doing Business the Right Way', and provide the mechanism by which we define, monitor and achieve consistently high standards in our control environment throughout the whole organisation. At the end of the year, the Committee undertook a review of the effectiveness of the CMCs and Assurance Map to ensure that they continued to be fit for purpose. Where non-compliances with the current CMCs were identified in the 2021 internal audit review process, remediation plans have been put in place. For 2022, the effectiveness of the process was reviewed and there were additional controls introduced to address the areas for improvement identified in 2021. The new controls for 2022 relate primarily to areas of finance control improvement identified during 2021 and data and IT asset security and IT/systems access rights. Training on the financial CMCs is mandatory for all finance team members, with certification for successful completion of scenario-based test questions.

In order to provide assurance that the Intertek controls and policy framework is being adhered to, a self-assessment exercise is undertaken across the Group's global operations. This exercise is reviewed and refreshed each year to align to the updated control framework and to support the continued development of the Group's control environment. An online questionnaire requesting confirmation of adherence to controls: financial, operational, HR and IT is sent to all Intertek operations. Where corrective actions are needed, the country is required to provide an outline and a confirmed timeline. The results are used as an input for the Internal Audit and Compliance Audit assurance work for 2022.

Self-assessment responses are consolidated for review at a regional level, with further review and sign-off of the consolidated self-assessments in the regional risk committees, before a final consolidated CEO and CFO review. A final summary assessment is provided to the Committee. The self-assessment exercise has been reviewed during the year to ensure global coverage and to reflect Intertek's operational and financial structure, and in order to enhance the alignment of the self-assessment to the assurance process.

We annually review and approve the statements to be included in the Annual Report & Accounts to ensure they remain relevant to the Group's strategy and operations as well as complying with any regulatory requirements. A detailed verification programme also provides assurance to the Committee and the Board when checking that all the statements made in the Annual Report & Accounts are accurate. Intertek's Manual of Accounting Policies and Procedures is issued to all finance staff giving instructions and guidance on all aspects of accounting and reporting that apply to the Group. More information on the risk governance and management system and processes is outlined on pages 167 to 169. The Committee can confirm that it reviewed the Group's internal controls and risk management systems and concluded that there was an effective control environment in place across the Group during 2021, and up to the date on which these financial statements were approved. No significant failings or weaknesses were identified.

Further information on how Intertek has implemented an end-to-end integrated approach to risk, control and compliance is outlined on pages 167 to 169.

Whistleblowing and fraud

We reviewed the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. We are advised of any significant notifications from the whistleblowing hotline and updated on the investigations undertaken, conclusions and actions taken.

In addition, we review the Group's systems and procedures for detecting fraud, the prevention of bribery and receive regular reports on non-compliance and keep under review the adequacy and effectiveness of the compliance function.

Significant issues considered by the Committee

In preparation for each year end, the Committee reviews the significant accounting policies, estimates and judgements to be applied in the financial statements and discusses their application with management. The external auditor also considers the appropriateness of these assessments as part of the external audit. The Committee's views, comments and their insights are used to inform the processes and approach taken by management in all areas of significant risk, thus facilitating a Group-wide consistent and prudent approach.

In accordance with the Code, the external auditor prepares a report for the Committee on both the half-year and full-year results, which summarises the approach to key risks in the external audit and highlights any issues arising out of their work on those risks, or any other work undertaken on the audit.

Audit Committee report
Continued

During the year, the Committee reviewed and considered the following estimates and areas of judgement to be exercised in the application of the accounting policies:

Area of Judgement	Committee comment
Claims	From time to time, the Group is involved in various claims and lawsuits incidental to the ordinary course of business. The Committee considered the claims provision which reflects the estimates of amounts payable in connection with identified claims from customers, former employees and others. The Committee noted that once claims have been notified, the finance teams liaise with the business to determine whether a provision is required, based on IAS 37 *Provisions, Contingent liabilities and Contingent assets* ('IAS 37'). The level of provision is subsequently reviewed on a regular basis with the Group General Counsel, taking into account the advice of external legal counsel. The Committee, following assurance from management and review of the position by the external auditor, considered and agreed that the claims provision, and associated disclosures, were appropriate given the size and status of claims reported.
Taxation	The determination of profits subject to tax is calculated according to complex laws and regulations, the interpretation and application of which can be uncertain. In addition, deferred tax assets and liabilities require judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income. The main areas of judgement in the Group tax calculation are the expected central tax provisions for the full year, including provisions related to transfer pricing risk, and the recognition of the UK deferred tax asset. Twice a year, the Committee receives a report from management providing an evaluation of existing risks and tax provisions which is reviewed by the Committee. The Committee also considered reports presented by the external auditor before determining that the levels of tax provisioning were appropriate.
Revenue Recognition	IFRS 15 Revenue from contracts requires an entity to recognise revenue in a way that shows the transfer of goods/services promised to customers is an amount that reflects the expected consideration in return for transferring control of those goods or services to the customer. The Committee reviewed the work completed regarding revenue and taking into account the views of the external auditor, agreed that the treatment was appropriate.
Acquisitions and fair value accounting	The Committee was advised of the approach taken to acquisitions made in 2021 where their related fair values have been recognised on a provisional basis. Such provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Details of acquisitions in 2021 are set out in note 10 on page 192. The Committee, following assurance from management and review of the position by the external auditor, was satisfied that the treatment was appropriate.
Impairment of Goodwill and other acquired intangible assets	The Group is required to make judgements to estimate the fair value of assets and liabilities acquired; in particular, the amounts attributed to intangible assets such as titles, brands, acquired customer lists and associated customer relationships. These judgements impact the amount of goodwill recognised on acquisitions. As outlined in note 9 the Group has £1,241.4m of Goodwill which has arisen on acquisitions. An impairment assessment is required at least annually in respect of this amount. The Committee noted the update as at the year end and, taking into account acquisitions made during the year, and after seeking confirmation from the external auditor, agreed the disclosure in note 9 on pages 189 to 192.
Accounts receivables and accrued income	The Group takes a prudent approach to provisioning of accounts receivable and accrued income balances in-line with IFRS 9, *Financial Instruments*. The Committee noted the update as at the year-end and, considering the views of the external auditor, agreed that the Group's provision was appropriate.
Consideration of Climate Change	Mandatory TCFD reporting for premium listed entities has driven significant momentum regarding climate change related disclosures. The Group has set out its consideration of climate change in respect of an impact on the financial reporting judgements and estimates arising from our assessment of climate change on the Group as a whole. The Committee reviewed the approach taken to consider the impact of climate change and the disclosures on pages 50 to 54 and taking into account the feedback from the external auditor agreed the approach taken and the related disclosures.
Pensions	The Group operates a number of post-employment plans. In most locations, these are defined contribution arrangements. However, there are defined benefit schemes in the United Kingdom and Switzerland. Having considered advice from external actuaries and assumptions used by companies with comparator plans, the Committee agreed that the assumptions used to calculate the income statement and balance sheet assets and liabilities for post-employment plans were appropriate (see note 16).

Following reviews and discussions throughout the year of all the relevant papers presented and after considered discussion with management and the external auditor, the Committee had an understanding of the business rationale for transactions and how they were being recorded and disclosed in the financial statements, and therefore agreed that the estimates and areas of judgement exercised by management were appropriate.

Remuneration Committee report

"The Board is confident that remuneration at Intertek is aligned to the overall stakeholder experience with the results reflecting the strong performance during 2021."

Gill Rider
Chair

Dear shareholder,
I am delighted to present our Remuneration Committee report for the year ended 31 December 2021.

Business context

The pandemic has brought to life as never before the importance of Intertek's role in society, and we continue to invest in new opportunities to help foster a better and safer world for all post-Covid-19. With our industry leading capability and expertise, innovation and insight, Intertek is uniquely positioned to seize these compelling growth opportunities. The Group has continued to demonstrate the effectiveness of our long-term '5x5' differentiated strategy for growth in 2021, and this is reflected by our strong progress made in the year:

- Revenue of £2,786.3m: +6.5% at constant rates and +1.6% at actual rates
- Robust LfL revenue growth of 5.6% at constant rates: Products: +7.6%, Trade: +3.0%, Resources +1.7%
- Broad-based LfL revenue growth and record operating profit and margin in H2
- Double-digit adjusted operating profit growth of +15.4% at constant rates and +10.8% at actual rates
- Statutory operating profit of £433.2m, up 19.6% YoY at constant rates
- Strong adjusted operating margin of 17.0%: +130bps at constant rates and +140bps at actual rates
- Double-digit adjusted diluted EPS growth of +16.8% at constant rates and +11.6% at actual rates
- Strong cash conversion delivered free cash flow of £401.8m; financial net debt of £733m, 1.1x EBITDA
- Sustainable returns to shareholders with FY21 dividend of 105.8p in line with 2019 and 2020

2021 AGM voting

At the 2021 AGM, we put forward a revised remuneration policy for shareholder approval, with the primary changes being (i) a reduction of the CEO's pension from 30% of salary to 5% of base salary, and in line with that commitment it will reduce to 20% this year; (ii) significantly increasing the shareholding requirements for our executives; (iii) introducing post-cessation shareholding requirements in line with best practice; and (iv) increasing the maximum LTIP award for the CEO from 250% to 300% of salary. Whilst shareholders provided positive feedback during consultation, the Committee is mindful that only 68.7% felt they were able to support the remuneration policy resolution at the 2021 AGM.

Reflecting on the vote, we again engaged with shareholders to allow them to express any concerns. We learnt that, whilst our shareholders welcomed the reductions being made to the CEO's pension arrangements, some of them were concerned that the reductions were being made over a five-year time period. We also received feedback that shareholders would like to see the introduction of ESG measures into our remuneration framework.

The Remuneration Committee (the 'Committee') intends to engage with shareholders and discuss how we continue to apply the Remuneration Policy. The Remuneration Committee would also like to thank our shareholders who took part in the engagement process and values the feedback and insights we have gained.

Remuneration Committee report
Continued

Pay for performance in 2021
For 2021, Executive Director incentive awards were based purely on financial performance. As set out earlier in the Annual Report & Accounts, in an external economic environment that continues to be challenging, Intertek has delivered strong financial performance with 1.6% growth in revenue (6.5% at constant currency) and 10.8% growth in adjusted operating profit (15.4% at constant currency), an adjusted operating margin of 17.0% (up 130bps at constant currency), a proposed full-year dividend of 105.8p and ROIC of 18.2%. Based on our predetermined performance matrix, the Committee approved an annual incentive result of 85% of maximum. Our shareholders will remember that the majority of employees in the whole Group have a bonus that is linked to the same metrics that we use throughout the business.

Over the longer term, the three-year performance of the Group has delivered EPS CAGR growth of 0.8% and total shareholder return of 12.7%, slightly below the median of the FTSE 31-130. This has resulted in a pay-out under the 2019 long-term incentive award of 0%.

When determining incentive outcomes the Committee exercised independent judgement, taking into account a number of internal and external considerations to determine whether the results felt appropriate, including:

- overall share price performance in the year and the implementation of our progressive dividend policy, which rewarded our shareholders with a £115.6m payout for the final 2021 dividend;
- the strategic actions taken by the Board to invest organically and inorganically to seize the attractive growth opportunities; and
- the overall stakeholder experience over the year, including the experience of our clients, employees and communities.

It was the view of the Committee that the incentive outcomes appropriately reflected performance in the period and the wider shareholder experience, and the Remuneration Policy operated as intended and therefore no discretion was applied.

Implementation of our Remuneration Policy in 2022
As we considered the effectiveness of our Remuneration Policy, we believe it is working well and achieving our business objectives. For this reason, we intend to continue the operation of the new policy with some minor adjustments as detailed below. Our Remuneration Policy is delivered consistently at all levels of the wider workforce. The alignment of measures and metrics right through the organisation is one of the key aspects of the policy.

Salary increases in the UK will amount to an overall increase of 2% in payroll cost. Given the strong performance delivered by the executive directors, the Committee has awarded the CEO and CFO a 2% salary increase.

Reflecting shareholder comments regarding ESG, we are proposing a change to the operation of our annual incentive plan for 2022. The annual incentive is currently based 100% on financial performance: 80% based on a matrix of revenue and adjusted operating profit growth and 20% based on ROIC. Keeping in mind the Group's wider purpose of bringing quality, safety and sustainability to life, the Committee considered it would be appropriate to incorporate an ESG element into the annual incentive framework. The ESG element will have a 15% weighting and be based on performance against a Carbon Emissions target. We have signed up to the Science Based Targets initiative, which means that the ESG element will be based on independently verified science-based emission targets. The 2022 annual bonus will therefore be based on: 70% matrix of revenue and adjusted operating profit growth, 15% ROIC and 15% ESG. No changes are proposed to quantum, which will remain at a maximum of 200% of salary for both the CEO and CFO. We believe this is an important step forward for Intertek and aligning the whole organisation behind the ESG metric will make a big positive difference.

No changes are proposed to the LTIP framework, with awards of 300% and 200% of salary to be granted to the CEO and CFO respectively. Awards will be based on three equally weighted metrics, Earnings Per Share, Adjusted Free Cash Flow and Return on Invested Capital, with details of the underlying targets for the awards set out on pages 147 and 148.

Alignment with strategy and purpose
Our Core Purpose of "Bringing Quality, Safety and Sustainability to life" has never been more meaningful than in the present context, as we continue to navigate the long-lasting impacts of the pandemic. Our Purpose is supported by our Values, and we pride ourselves in living our Values, with integrity and fairness sitting at the heart of all our decisions. We believe that our remuneration policy and its implementation are value-based, and will create sustainable momentum of the business, our people, our customers and our shareholders in the years to come, whilst also supporting the sustainable delivery of Intertek's clear and powerful differentiated 5x5 growth strategy.

Wider workforce
I would also like to take a moment to thank all of our colleagues for having delivered a strong performance in 2021. Despite the impact of the pandemic on our lives, the incredible work that our colleagues do every day has continued. Collectively Intertek colleagues make a huge positive impact for our customers, communities and for the world.

The Board is confident that remuneration at Intertek is aligned to our shareholder interests and carefully designed to support our strategy. I look forward to your support at our forthcoming AGM.

Yours sincerely,

Gill Rider
Chair of the Remuneration Committee

Remuneration Committee report
Continued

DIRECTORS' REMUNERATION POLICY

The section below sets out the Remuneration Policy for Executive and Non-Executive Directors, which was approved by shareholders at the AGM on 26 May 2021. There is no change to the Remuneration Policy this year in-line with normal practice. The full Policy is set out in the 2020 Annual Report & Accounts. Some sections of the Policy have been updated to reflect how it was applied in 2021 and our proposed implementation of the Policy in 2022.

In determining the Remuneration Policy, which was approved last year, the Committee followed a robust process which included discussions on the content of the Policy at two Remuneration Committee meetings. The Committee considered input from management, although conflicts of interest were managed with decisions being taken by the members of the Remuneration Committee, and our independent advisers as well as in the context of best practice and guidance from our major shareholders and the proxy advisory bodies.

Policy overview

We continue to focus on ensuring that our Remuneration Policy is appropriate for the nature, size and complexity of the Group, encourages our employees in the development of their careers and is aligned to the Company's strategy and is in the best interests of the Company and its stakeholders. It is directed to deliver continued sustainable profitable growth.

Our remuneration strategy is to:

- align and recognise the individual's contribution to help us succeed in achieving our 5x5 differentiated strategy for sustainable growth;
- attract, engage, motivate and retain the best available people by positioning total pay and benefits to be competitive in the relevant market and in line with the ability of the business to pay;
- reward people equitably for the size of their responsibilities and performance; and
- motivate high performers to increase shareholder value and share in the Group's success.

Each year the Committee approves the overall reward strategy for the Group and sets the individual remuneration of the Executive Directors and certain senior management. The Committee reviews the balance between base salary and performance-related remuneration against the key objectives and targets so as to ensure performance is appropriately rewarded. This also ensures outcomes are a fair reflection of the underlying performance of the Group.

As a global service business, our success is critically dependent on the performance and retention of our key people around the world. Employment costs represent the major element of Group operating costs. As a global Group, our pay arrangements take into account both local and international markets and we operate a global Remuneration Policy framework to achieve our reward strategy. Our benchmark peer groups for the majority of our employees consist of international industrial or business service organisations and similar-sized businesses. For our more senior executives we base our remuneration comparisons on a blend of factors, including sector, job complexity, location, responsibilities and performance, whilst recognising the Company is listed in the UK.

We believe that a significant proportion of remuneration for senior executives should be related to performance, with part of that remuneration being deferred in the form of shares and subject to continued employment and longer-term performance. We also believe that share-based remuneration should form a significant element of senior executives' compensation, so that there is a strong link to the sustained future success of the Group.

Remuneration Committee report
Continued

Remuneration Policy for Directors
The following table sets out the key aspects of the Remuneration Policy for Directors.

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	To attract and retain high performing Executive Directors to lead the Group.	The Committee normally reviews salaries annually, taking account of factors including, but not limited to, the scale of responsibilities, the individual's experience and performance. Whilst the Committee takes benchmarking information into account, its decisions are based primarily on the performance of the individual concerned against the above factors to ensure that there is no unjustified upward ratchet in base salary.	There is no prescribed maximum salary or annual increase. In awarding any salary increases, the Committee is guided by the general increase for the employee population but on occasions may need to recognise other factors including, but not limited to, development in role, change in responsibility and/or variance to market levels of remuneration.	Individual performance is taken into account when salary levels are reviewed.
Benefits	To provide competitive benefits to ensure the wellbeing of employees.	Benefits include, but are not limited to, annual medicals, life assurance cover of up to six times base salary, allowances in lieu of a company car or other benefits, private medical insurance (for the individual and their dependants) and other benefits typically provided to senior executives. Executive Directors can participate in any all-employee share plans operated by the Company on the same basis as all other employees.	The total value of these benefits (excluding the all-employee plans) will not normally exceed 12% of salary. The maximum opportunity under any all-employee share plan is in line with all other employees and is as determined by the prevailing HMRC rules.	n/a
Pension	To provide competitive retirement benefits.	Executive Directors can elect to join the Company's defined contribution pension scheme, receive pension contributions into their personal pension plan or receive a cash sum in lieu of pension contributions.	For new Executive Directors pension provisions will be in line with those of the wider UK workforce (currently 5% of salary). For current Executive Directors – reducing from 30% of salary by 5% each year for five years until it is in line with the wider UK workforce (currently 5% of salary). In line with that commitment it will reduce to 20% this year.	n/a

Remuneration Committee report
Continued

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Incentive Plan ('AIP')	To drive the short-term strategy and recognise annual performance against targets which are based on business objectives.	Awards are based on Group annual performance targets, with performance targets normally set annually by the Board. Incentive outturns are normally assessed by the Committee at the year end, taking into account performance against the targets and the underlying performance of the business. The payout at below threshold performance is 0% of maximum, with 25% of the maximum bonus normally payable for threshold performance. Payouts between threshold and maximum (100%) are determined on an annual basis. Details of the payout schedule will be disclosed in the relevant Directors' Remuneration report. Normally, 50% of any incentive is paid in cash and 50% deferred into shares which will vest after a period of three years subject to continued employment. Malus and clawback provisions apply.	The maximum opportunity in respect of a financial year is 200% of salary for each Executive Director. The Committee has the ability to adjust the performance measures if not appropriate in the context of overall performance. The Committee can adjust upwards the incentive outturn (up to the maximum set out above) to recognise very exceptional circumstances or to recognise circumstances that have occurred which were beyond the direct responsibility of the executive and the executive has managed and mitigated the impact of any loss.	The annual incentive will be measured against a range of key Group financial measures. The current intention is that none of the incentive will be subject to non-financial measures or personal performance measures. The Committee, however, retains the discretion to introduce such measures in the future, up to a maximum of 20% of the incentive. Were the Committee to introduce such measures, it would normally consult with the Company's largest institutional shareholders. For 2022, the annual incentive will be based on 70% matrix of revenue and adjusted operating profit growth, 15% ROIC and 15% ESG. The stretch targets, when met, reward exceptional achievement and contribution. There is no incentive payout if threshold targets are not met.
Long Term Incentive Plan ('LTIP')	To retain and reward Executive Directors for the delivery of long-term performance. To support the continuity of the leadership of the business. To provide long-term alignment of executives' interests with shareholders by linking rewards to Intertek's performance.	Annual grant of conditional shares which vest after three years, subject to Company performance and continued employment. Awards may be made in other forms (e.g. nil-cost options) if considered appropriate. The shares will also normally be subject to a two-year holding period after vesting. Performance targets are normally set annually for each three-year performance cycle by the Board. Vesting is normally assessed by the Committee after the end of the performance period, taking into account performance against the targets and the underlying performance of the business. The Committee has the ability to adjust incentive payments if it believes that out-turns are not appropriate in the context of overall performance. Malus and clawback provisions apply.	Up to 300% of salary in respect of any financial year.	LTIP awards are subject to an appropriate balance of earnings, cash and capital efficiency based performance measures. The Committee retains the discretion to introduce another performance metric, with a maximum weighting of up to one-third of the incentive. Were the Committee to introduce such measures, it would normally consult with the Company's largest institutional shareholders. For 2022, the LTIP award will be based on earnings per share, return on invested capital and adjusted free cash flow. Each measure will have an equal weighting. 25% of an award will vest for achieving threshold performance, increasing pro rata to full vesting for the achievement of stretch performance targets.

Remuneration Committee report
Continued

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Share ownership guidelines	To increase alignment between executives and shareholders.	Executive Directors are expected to retain any vested shares (net of tax) under the Group's share plans until the guideline is met. The guideline should normally be met within five years of the guideline being set. Further details of the share ownership guidelines and the post-cessation shareholding guidelines are set out in the Directors' Remuneration report.	500% of salary for the CEO. 300% of salary for the CFO.	n/a
Post-cessation of employment shareholding	To ensure alignment of sustainable performance between executives and shareholders.	Holding and vesting periods for all share awards will be adhered to post-employment.	Executive Directors required to hold shares as per share ownership guidelines for two years post-employment.	n/a
Non-Executive Directors' fees	To attract and retain high-calibre Non-Executive Directors through the provision of market-competitive fees.	A proportion of the fees (at least 50%) are paid in cash, with the remainder used to purchase shares. Fees are primarily determined based on the responsibility and time committed to the Group's affairs and appropriate market comparisons. The Chairman receives an all-inclusive fee. Non-Executive Directors receive a base fee and further fees for additional Board responsibilities. Additional fees may be paid in the exceptional event that Non-Executive Directors are required to commit substantial additional time above that normally expected for the role. With the exception of benefits-in-kind arising from the performance of duties (and any tax due on those benefits which is reimbursed by the Company), no other benefits are provided.	As for the Executive Directors, there is no prescribed maximum annual increase. The Committee is guided by the general increase for the employee population but on occasions may need to recognise other factors including, but not limited to, change in responsibility and/or variance to market levels of remuneration.	n/a

Remuneration Committee report
Continued

Selection of performance metrics
The annual incentive plan is based on performance against a mix of financial and non-financial measures. The mix of financial measures is aligned to the Group's Key Performance Indicators ('KPIs') and is reviewed each year by the Remuneration Committee to ensure that they remain appropriate to reflect the priorities for the business in the year ahead. The targets are set for each KPI to encourage continuous improvement and challenge the delivery of stretch performance.

The 2022 LTIP award is based on earnings per share growth, return on invested capital and adjusted free cash flow. The performance metrics align with Intertek's earnings model, which supports delivery of the Company's differentiated strategy, which aims to move the centre of gravity of the Company towards high-growth, high-margin areas in our industry. Earnings per share ensures that there is a clear focus on margin-accretive revenue growth; adjusted free cash flow ensures focus on strong cash management; and return on invested capital ensures a focus on disciplined capital management.

A sliding scale of challenging performance targets is set for each measure. The Committee reviews the choice of performance measures and the appropriateness of the performance targets prior to each LTIP grant. The Committee reserves the discretion to set different targets for future awards, without consulting with shareholders. When setting the targets for the annual incentive and the LTIP, the Committee takes into account a range of factors, including the business plan, prior-year performance, market conditions and consensus forecasts.

Terms of incentive awards
Deferred awards and LTIP awards may include the right to receive (in cash or shares) the value of the dividends that would have been paid on the shares that vest up to the time of vesting (or for LTIP awards, up to the end of the relevant holding period). The Committee's intention is that such dividends would normally be settled in shares.

The Committee will operate the annual incentive plan and LTIP according to the respective rules of the plans. The Committee will retain flexibility in a number of areas regarding the operation and administration of these plans, including (but not limited to) the following:

- how to deal with a change of control or restructuring of the Group, or a demerger or similar event (including how to assess performance conditions and whether to time pro-rate awards); and
- how and whether any award may be adjusted in certain circumstances (including in the event of a variation of share capital, demerger, special dividend, or similar event).

The Committee also retains the discretion within the Remuneration Policy to adjust targets and/or set different measures and weightings if it considers it is required so that the targets or conditions achieve their original purpose. Revised targets/measures will be, in the opinion of the Committee, no less difficult to satisfy than the original conditions. The Committee may accelerate the vesting and/or the release of awards if an Executive Director moves jurisdictions following grant and there would be greater tax or regulatory burdens on the award in the new jurisdiction.

Remuneration scenarios for Executive Directors
The chart on the next page illustrates how the Executive Directors' remuneration packages vary at different levels of performance under the Policy which will apply in 2022 for both the Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO').

Approach to recruitment and promotions
The remuneration package for a new Executive Director – base salary, benefits, pension, annual incentive and long-term incentive awards – would be set in accordance with the terms of the Company's prevailing approved Remuneration Policy at the time of appointment. The Committee may set the base salary at a value to reflect the calibre, experience and earnings potential of a candidate, subject to the Committee's judgement that the level of remuneration is in the Company's best interest. The maximum level of variable pay (annual incentive and long-term incentive awards, or any combination thereof) which may be awarded to a new Executive Director at or shortly following recruitment shall be limited to 500% of salary. These limits exclude buy-out awards and are in line with the 'Remuneration Policy for Directors' set out previously.

The Committee may offer additional cash and/or share-based elements to take account of remuneration relinquished when leaving the former employer when it considers these buy-outs to be in the best interests of the Company (and therefore shareholders) ('buy-outs').

Any such awards would reflect the nature, time horizons and performance requirements attaching to the remuneration it is intended to replace. Where appropriate, the Committee retains the flexibility to utilise Listing Rule 9.4.2 for the purpose of making an award to 'buy-out' remuneration relinquished when leaving the former employer. For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses and continuing allowances as appropriate. Additionally, in the case of any Executive Director being recruited from overseas, or being recruited by the Company to relocate overseas to perform their duties, the Committee may offer expatriate benefits on an ongoing basis subject to their aggregate value to the individual not exceeding 50% of salary per annum.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. If a new Chairman or Non-Executive Director is appointed, remuneration arrangements will be in line with those detailed in the Remuneration Policy for Non-Executive Directors set out in the Remuneration Policy for Directors.

Service contracts for Executive Directors
The service agreements of the Executive Directors are not fixed term and are terminable by either the Company or the Director on 12 months' notice and make provision, at the Board's discretion, for early termination by way of payment of salary and pension contributions in lieu of 12 months' notice. In calculating the amount payable to a Director on termination of employment, the Board would take into account the commercial interests of the Company and apply usual common law and contractual principles. Any payments in lieu of notice may be paid in a lump sum or may be paid in instalments and reduce if the Director finds alternative employment. The service contracts are available for inspection at the Company's registered office. The Committee reviews the contractual terms for new Executive Directors to ensure these reflect best practice.

In summary, the contractual provisions are:

Provision	Detailed terms
Notice Period	12 months
Common law and contractual principles	Common law and contractual principles apply
Remuneration entitlements	An incentive may be payable (pro rata where relevant) and outstanding Share Awards may vest (see below)
Change of control	No Executive Director's contract contains provisions or additional payments in respect of change of control. The treatment of annual incentive awards and outstanding Share Awards will be treated in line with the relevant plan rules

There is no automatic entitlement to an annual incentive award in the year of cessation of employment. The Committee may determine however, that for certain leavers an annual incentive award may be payable with respect to the period of the financial year served.
Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules.

Remuneration Committee report
Continued

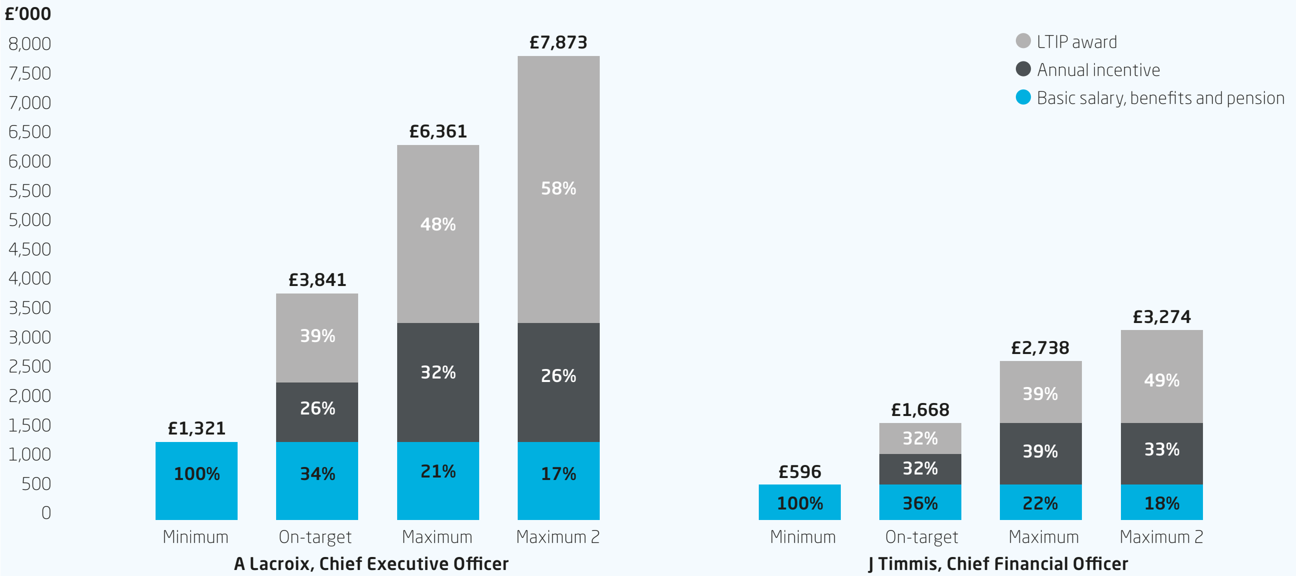
The default treatment under the 2011 LTIP, and under the 2021 LTIP, is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, injury, disability or other circumstances at the discretion of the Committee, 'good leaver' status may be applied.

For good leavers, Deferred Share Awards will vest in full on the original vesting date (as permitted under the plan rules), unless the Remuneration Committee determines that awards should vest at an earlier date. LTIP awards will normally vest on the original vesting date (they will normally, where appropriate, be subject to any holding period), and subject to the satisfaction of the relevant performance conditions at that time and reduced pro rata to reflect the proportion of the performance period actually served. However, the Committee has discretion to determine that awards vest at an earlier date and/or to disapply time pro-rating, although it is envisaged that this would only be applied in exceptional circumstances (for example, death). Any such incidents, where discretion is applied by the Committee in relation to Executive Directors, will be disclosed in the following Annual Report & Accounts on Remuneration.

In determining whether an Executive Director should be treated as a good leaver or not, the Committee will take into account the reasons for their departure.

The Committee reserves the right to make any other payments (including appropriate legal fees) in connection with an Executive Director's cessation of office or employment where the payments are made in good faith on discharge of an existing legal obligation (or by way of damages for breach of their obligation) or by way of settlement of any claim arising in contravention with the cessation of an Executive Director's office or employment.

Value of remuneration packages at different levels of performance



Points relating to the above table:
1. Salary levels are based on those applying on 1 April 2022.
2. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ended 31 December 2021.
3. The value of pension receivable by the CEO and CFO in 2022 is taken to be 20% of salary and 5% of salary, respectively.
4. The on-target level of annual incentive is taken to be 50% of the maximum opportunity.
5. The on-target level of the LTIP is taken to be 50% of the face value of the award at grant.
6. Share price movement and dividend accrual have not been incorporated into the first three scenarios. Share price growth of 50% has been assumed on the LTIP in the Maximum 2 scenario.

Remuneration Committee report
Continued

Letters of appointment for Non-Executive Directors
The letter of appointment for each Non-Executive Director states that they are appointed for an initial period of three years and all appointments are terminable by one month's notice on either side. At the end of the initial period and after rigorous review, the appointment may be renewed for a further period, usually three years, if the Company and the Director agree and subject to annual re-election at the AGM. Each letter of appointment states that if the Company were to terminate the appointment, the Director would not be entitled to any compensation for loss of office.

The table below sets out the terms for all the current Non-Executive Directors of the Board.

	Date of Appointment	Notice Period/Unexpired Term as at 31 December 2021
Andrew Martin	Appointed Chair: 1 January 2021 Appointed to the Board: 26 May 2016 Reappointed: 26 May 2019	One month/5 months
Graham Allan	1 October 2017 Reappointed: 1 October 2020	One month/21 months
Gurnek Bains	Reappointed: 1 July 2020	One month/18 months
Lynda Clarizio	1 March 2021	One month/26 months
Tamara Ingram	18 December 2020	One month/23 months
Gill Rider	1 July 2015 Reappointed: 1 July 2021	One month/30 months
Jean-Michel Valette	1 July 2017 Reappointed: 1 July 2020	One month/18 months

Consideration of employment conditions elsewhere within the Group
When setting the Remuneration Policy for Executive Directors, the Remuneration Committee takes into account the pay and employment conditions elsewhere within the Group. When considering the remuneration arrangements for the Executive Directors for the year ahead, the Committee is informed of salary increases across the wider Group. The Committee also approves the overall reward strategy in operation across the Group.

The remuneration strategy set out at the beginning of the Directors' Remuneration Policy report reflects the strategy in place across all employees across the Group. Although this remuneration strategy applies across the Group, given the size of the Group and the geographical spread of its operations, the way in which the Remuneration Policy is implemented varies across the Group. For example, annual incentive deferral applies at the more senior levels within the Group and participation in the LTIP is at the Remuneration Committee's discretion and is typically limited to senior executives employed within the Group.

Given the geographical spread of the Group's operations, the Remuneration Committee does not consider it appropriate to consult employees on the Remuneration Policy in operation for Executive Directors.

Consideration of shareholder views
The Committee values the opportunity to engage in meaningful dialogue with its investors. After the 2021 AGM, the Committee consulted with investors following the vote on the Remuneration Policy and further details on the engagement is outlined in the Chair of the Remuneration Committee's letter on pages 136 and 137.

Legacy arrangements
The approved Directors' Remuneration Policy provides authority to the Company to honour any commitments entered into with current or former Directors such as the vesting of outstanding share awards (including exercising any discretions available to it in connection with such commitments) that were agreed:

i. before the policy set out above, or any previous policy, came into effect;
ii. at a time when a previous policy approved by shareholders was in place provided that the payment is in line with the terms of that policy; and
iii. at a time when the relevant individual was not a Director of the Company and the payment was not in consideration for the individual becoming a Director of the Company.

Remuneration Committee report
Continued

ANNUAL REPORT ON REMUNERATION

Committee membership and meeting attendance

Committee members	Scheduled meetings eligible to attend	Meetings attended
Gill Rider (Chair)	4	4
Graham Allan	4	4
Gurnek Bains	4	4
Tamara Ingram (appointed 1 July 2021)	2	2

100%
attendance

The above members were members throughout 2021, apart from Tamara Ingram who was appointed a member of the Committee on 1 July 2021. During 2021 and at all times when Directors' remuneration for the year was considered, the composition of the Committee was compliant with the Code. All members are independent Non-Executive Directors. Prior to joining Intertek in July 2015, Gill had been Chair of the Remuneration Committee at Charles Taylor plc since January 2012. This enabled the Nomination Committee to recommend her appointment as Chair of the Committee which was then approved by the Board.

On appointment, new Committee members receive an appropriate induction consisting of meetings with senior personnel, advisers and as appropriate, meetings with shareholders and other relevant stakeholders. They also review the Terms of Reference, previous Committee meeting papers and minutes. The Committee invites the Chairman, CEO and the EVP, Human Resources to attend meetings when it deems appropriate, except when their own remuneration is discussed. No Director is involved in determining his or her own remuneration. None of the Committee members has had any personal financial interest, except as shareholders, in the decisions made by the Committee. The Group Company Secretary acts as Secretary to the Committee.

Committee responsibilities and how we met them in the year

We have specific responsibilities reserved to us by the Board and the full Terms of Reference of the Committee, which were updated in 2019 and are reviewed annually, can be found on our website at intertek.com.

Matters delegated to the Committee	Code provision
Determine the Company's policy on remuneration for the Executive Directors and senior executive management.	33, 36–40
Determines the remuneration for the above and the Chair, including any compensation on termination of office.	33
Reviews the remuneration arrangements for the wider employee population and considers issues relating to remuneration that may have a significant impact on the Group.	33
Provides advice to, and consults with, the CEO on major policy issues affecting the remuneration of other executives.	33
Responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.	35
Keeps the Remuneration Policy under review in light of regulatory and best practice developments and shareholder expectations and ensure that the policy is voted on at least every third year. Due regard is given to the interests of shareholders and the requirements of the Listing Rules and associated guidance.	36–40
Ensures each year that the Annual Director's Report on Remuneration is put to shareholders for approval at the AGM and includes a description of the work of the Committee.	41

Executive Director remuneration

We are responsible for determining the Company's policy on the remuneration of the Chairman, the Executive Directors and senior executive management. We also determine their remuneration packages, including any compensation on termination of office and review to ensure their alignment with our culture and with those of the workforce as a whole.

In the year we addressed this by reviewing and agreeing the remuneration of the Executive Directors as well as the Leadership Team. We received advice from Deloitte LLP ('Deloitte') to inform our discussions.

Wider workforce remuneration and engagement

We also review the remuneration and related policies of the wider workforce to ensure that incentives and rewards align to our purpose, values and culture. As part of this we receive information on salary increases, the design of the bonus and targets and on the 2021 Long Term Incentive Plan and performance criteria. This is used to inform decisions when setting the policy for Executive Director remuneration and for when we consult with, or provide advice to, the CEO on major policy issues affecting the remuneration of other executives. The remuneration framework and the incentive structure that we have in place cascades right down through the wider workforce and ensures alignment with executive remuneration and the 5x5 strategy. We also took into account the UK wider workforce salary increase when determining the 2022 salary increase for the Executive Directors. We ensure that we have effective engagement with the wider workforce on the Group's remuneration and related policies through various escalation processes and communication forums including town halls, WhatsIn, emails and leadership briefings. The regular town halls that take place across the Group we find provide an opportunity for our people to raise questions on remuneration which are addressed at the meetings, with feedback directly fed to senior management and then upwards.

During the year, we reviewed the salary levels for senior management and the determination of the annual incentive payments and long-term incentive outcome for 2021. We considered a report on the general market trends that could impact the Group.

Remuneration Committee report
Continued

Remuneration Policy and report
It is important that we keep the Remuneration Policy under review in light of regulatory and best practice developments, Listing Rules and Governance Code changes as well as shareholder expectations.

At the Company's Annual General Meeting ('AGM') on 26 May 2021, the Remuneration Policy was passed with a vote of 68.74%. Following the 2021 AGM, engagement took place with shareholders and an update was published within six months of the AGM on our website in accordance with the 2018 UK Corporate Governance Code. Information on the results of that engagement are outlined in the Chair's letter on pages 136 to 137. The Remuneration Committee would like to thank shareholders that took part in the engagement process and values the feedback and insights it has gained.

In addition, we undertook a review of the Directors' Remuneration report to ensure compliance with Remuneration Reporting Regulations. We discussed the 2021 proxy voting agencies reports and their recommendations issued prior to the 2021 AGM.

Incentives
A key task for us each year is to review the outcomes for the incentive schemes and agree on payment levels taking into account actual performance and any extraordinary events which may have impacted on performance. We will consider if there is a need to apply malus or clawback and, should there be, we would agree the quantum.

We undertook, with external advice, a thorough review of the 2021 annual incentive targets, performance measures and the TSR and EPS results to determine the percentage of incentive awards that would vest in 2021.

We also agreed the performance conditions that should apply to the LTIP awards granted in the year to vest based on the performance to the end of 2023. We reviewed the quantum of awards given and were satisfied that they reflected the Remuneration Policy and were appropriate.

Committee review
We undertake an annual review of how effectively we are working as a Committee and take steps to develop any areas identified for improvement.

We also reviewed how we work as a Committee, members' individual strengths and also any additional training that may be beneficial. We received updates on market trends in remuneration from Deloitte and regular updates on corporate governance and policy changes.

Advisers
To ensure that the Group's remuneration practices drive and support achievement of strategies and are market competitive, the Committee obtains advice from various independent sources.

We review the appointment of the remuneration consultant and consider if they remain independent and applicable for the needs of the Committee. In the event that we decide that they are no longer appropriate, we would arrange a review and any subsequent appointment.

In 2021, the Committee received advice from Deloitte, who they appointed in 2015 for their particular expertise both at a local and global level, due to the worldwide operations of the Group and, following review, the Committee remains satisfied that their advice is objective and independent and has sufficient breadth of knowledge to support our deliberations across the diverse Group as a whole. Deloitte are members of the Remuneration Consultants Group and adhere to the voluntary Code of Conduct in relation to executive remuneration consulting in the UK.

The fees paid to Deloitte in the year were £61,573 exclusive of VAT. The charges for services are calculated on the basis of time spent and the seniority of the personnel performing the work at their respective rates.

In addition to the services provided to the Committee, Deloitte provided unrelated tax services to the Group during the year. Deloitte do not have any connection with any Directors of the Company.

External appointments
The Company recognises that, during their employment with the Company, Executive Directors may be invited to become Non-Executive Directors of other companies and that such duties can broaden their experience and knowledge. Executive Directors may, with the written consent of the Company, accept such appointments outside the Company, and the policy is that any fees may be retained by the Director. No Executive Director currently has an external appointment.

Statement of shareholder voting
At the 2021 AGM, a resolution was proposed to shareholders to approve the Remuneration Policy. This resolution received the following votes from shareholders:

	Votes	%
In favour	91,627,222	68.74
Against	41,668,760	31.26[1]
Total	133,295,982	82.59[2]
Withheld	2,431,490	

1. A summary of the reasons for the votes against and the actions taken in response are outlined in the Chair's letter.
2. Percentage of total issued share capital voted.

At the 2021 AGM, a resolution was proposed to shareholders to approve the Directors' Remuneration report for the year ended 31 December 2020. This resolution received the following votes from shareholders:

	Votes	%
In favour	131,735,955	97.55
Against	3,306,803	2.45
Total	135,042,758	83.67[1]
Withheld	684,715	

1. Percentage of total issued share capital voted.

Remuneration Committee report
Continued

Directors' Remuneration Policy – implementation in 2022

Elements	Implementation in 2022
Base salary	Base salary for 2022: – André Lacroix: £1,007,915 – Jonathan Timmis: £535,500 (appointed as CFO with effect from 1 April 2021). The UK work force has been granted an average yearly salary increase of 2%.
Benefits	Includes, for example, annual medicals, life assurance cover of up to six times base salary, allowances in lieu of a company car or other benefits, private medical insurance and other benefits typically provided to senior executives. Executive Directors can participate in any all-employee share plans operated by the Company on the same basis as all other employees. Total value of benefits (excluding all-employee plans) will not exceed 12% of salary.
Pension	From 1 June 2022, 20% reducing by 5% each year until it is in line with the wider UK workforce (currently 5% of salary) for the CEO. 5% of base salary for the CFO.
Annual Incentive Plan ('AIP')	– Maximum opportunity for the CEO and CFO: 200% of base salary. – 50% of any incentive is paid in cash and 50% is deferred into shares vesting after three years. – Malus and clawback provisions apply. – Performance metrics – 70% will be based on a matrix based on revenue and adjusted operating profit growth, 15% will be based on ROIC and 15% will be based on ESG, which for 2022 will comprise a Carbons Emissions target. Targets are not disclosed prospectively due to commercial sensitivity, however, detailed disclosure of the performance targets and actual outturns will be provided in the following year. – Annual incentive will continue to be subject to a quality of earnings review at the end of the year to ensure that payouts are appropriate based on the underlying performance of the Group and to ensure that any awards are commensurate with the Group's culture and values.
Long Term Incentive Plan ('LTIP')	– Maximum opportunity for the CEO and CFO: 300% and 200% of base salary, respectively. – Two-year holding period after vesting. – Malus and clawback provisions apply. – Performance metrics for awards being granted in 2022:

Measures	Definition	Threshold (25%)	Maximum (100%)	Commentary
Earnings Per Share ('EPS') (1/3)	Annualised fully diluted, adjusted EPS growth. Measured on a constant currency basis. Per the definition used for the Group's KPIs on page 26.	4%p.a.	10% p.a.	Compound annual growth rate targets.
Adjusted Free Cash Flow (1/3)	Free cash flow generated from operations less net capital expenditure, net interest paid and income tax paid. Adjusted for separately disclosed items. Measured on a constant currency basis. Per the definition used on page 26.	£899m	£979m	Cumulative targets measured over three years. Targets set taking into account stretch within business plan and expected capital expenditure over the coming three years.

Remuneration Committee report
Continued

Elements	Implementation in 2022				
	Measures	**Definition**	**Threshold (25%)**	**Maximum (100%)**	**Commentary**
	Return on Invested Capital ('ROIC') (1/3)	Adjusted operating profits less adjusted tax divided by invested capital (net assets excluding tax balances, net financial debt and net pension liabilities). Measured on a constant currency basis. Per the definition used for the Group's KPIs on page 26.	16.5%	20.5%	Cumulative adjusted operating profits divided by cumulative invested capital in each of the three performance years. Target set taking into account stretch within business plan, current ROIC performance, and reflective of the Group's strategy of making small bolt-on acquisitions which complement the Group's business. The treatment of significant acquisitions would be determined at the time of the transaction.
Share ownership guidelines	Shareholding guidelines are 500% of salary for the CEO and 300% of salary for the CFO. A post-cessation holding equivalent to the lower of the guideline target or the number of shares held at the date of departure will be required to be held for a period of two years from the Executive's departure date.				

Non-Executive Directors' fees

Fees for the Non-Executive Directors are determined by the Board, based on the responsibility and time committed to the Group's affairs and appropriate market comparisons. Individual Non-Executive Directors do not take part in discussions regarding their own fees.

Board membership	From 1 January 2022 £'000	From 1 January 2021 £'000
Chairman	**350**	350
Non-Executive Director	**62**	62
Senior Independent Non-Executive Director	**12**	12
Committee membership		
Chair Audit Committee	**20**	20
Chair Remuneration Committee	**15**	15
Chair Nomination Committee	**-**	–
Member Audit Committee	**10**	10
Member Remuneration Committee	**10**	10
Member Nomination Committee	**5**	5

Pursuant to the policy of aligning Directors' interests with those of shareholders, £10,000 of the fees paid to the Non-Executive Directors and £35,000 of the fees paid to the Chairman are used each year to purchase shares in the Company.

Remuneration Committee report
Continued

Remuneration in context
The following section sets out how the Remuneration Committee has addressed the factors in Provision 40, when determining Executive remuneration as set out in the 2018 UK Corporate Governance Code.

Code requirement	Intertek approach
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	Variable remuneration arrangements, which are cascaded throughout the workforce, are based on clearly defined financial performance metrics which are aligned with the Group's 5x5 differentiated strategy for sustainable long-term growth.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	Remuneration arrangements are simple, comprising the following key elements: – Fixed element: comprises base salary, benefits and pension, which are aligned to that offered to the majority of the workforce. – Short-term incentive: annual bonus which incentivises the delivery of financial and non-financial performance metrics linked to ESG. Half of the bonus is paid in cash with the balance deferred into shares vesting after a period of three years. – Long-term incentive: LTIP which incentivises financial performance over a three-year period, promoting long-term sustainable value creation for shareholders. Awards are subject to a two-year holding period post-vesting.
Risk Remuneration structures should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target based incentive plans, are identified and mitigated	Performance targets are calibrated to be aligned with the Group's business plan which is set in line with the Group's risk framework. The Remuneration Committee retains the flexibility to review formulaic outcomes to ensure that they are appropriate in the context of overall performance of the Group, including risk.
Predictability The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy	The remuneration scenario charts, set out on page 143, provide estimates on the potential future reward opportunity in a range of scenarios, including below threshold, target and maximum performance (including share price appreciation).
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear and outcomes should not reward poor performance	Variable remuneration is directly aligned to the Group's strategic priorities (through the selection of key financial performance metrics), with payments calibrated to ensure that payments are only made where strong performance is delivered. As noted above, the Remuneration Committee retains the flexibility to review formulaic outcomes to ensure that they are appropriate in the context of the overall performance of the Group.
Alignment with culture Incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy	As set out on page 138, the Remuneration Policy at Intertek has been set to be appropriate for the nature, size and complexity of the Group, encourages our employees in the development of their careers and is aligned to the Company's strategy and is in the best interests of the Company and its stakeholders. It is directed to deliver continued sustainable profitable growth. Our remuneration strategy is to: – align and recognise the individual's contribution to help us succeed in achieving our 5x5 differentiated strategy for sustainable growth; – attract, engage, motivate and retain the best available people by positioning total pay and benefits to be competitive in the relevant market and in line with the ability of the business to pay; – reward people equitably for the size of their responsibilities and performance; and – motivate high performers to increase shareholder value and share in the Group's success through well designed and appropriately calibrated incentive schemes.

Remuneration Committee report
Continued

The following sections on pages 150 to 160 have been audited.

Directors' remuneration earned in 2021 (audited)
The table below and on the following page summarises Directors' remuneration received for 2021 and the prior year for comparison. Taken in the context of internal and external comparators, the Committee considered the Executives' remuneration to be appropriate.

Executive Directors		Base salary or fees £'000	Benefits[2] £'000	BIK arising from performance of duties £'000	Annual incentive[3] £'000	Long-term incentives £'000	Pension[6] £'000	Buyout awards £'000	Total including buyout awards £'000	Total fixed £'000	Total variable £'000
André Lacroix	**2021**	**988**	**109**	**3**	**1,680**	**0**[4]	**268**	**-**	**3,048**	**1,368**	**1,680**
	2020	974[1]	94	3	0	1,107[5]	292	–	2,470	1,363	1,107
Ross McCluskey	**2021**[7]	**121**	**18**	**0**	**206**	**0**[4]	**6**	**-**	**351**	**145**	**206**
	2020	477[1]	28	1	0	44[5]	24	–	574	530	44
Jonathan Timmis	**2021**[8]	**398**	**24**	**1**	**676**	–	**13**	**2,187**[9]	**3,299**	**436**	**2,863**

1. The Directors agreed to a 50% salary deferral for six months from 1 April 2020 and there was a six-month delay in the implementation of the 2020 annual salary increase.
2. Benefits include allowances in lieu of company car, annual medicals, life assurance and private medical insurance, and the use of a car and driver for the CEO (£20,370).
3. This relates to the payment of the annual incentive and Deferred Share Award for the financial year end. Further details of this payment are set out on the following pages.
4. This relates to the 2019 LTIP award due to vest March 2022. Further details on performance are set out on page 153. There was no discretion exercised in respect of the awards.
5. This figure has been updated to show the actual value of the vested LTIP share awards based on the share price of £53.83, the share price at vesting in March 2021, as the 2020 Report included figures based on the share price for the final quarter of 2020 (£59.07).
6. None of the Executive Directors had a prospective entitlement to a defined benefit pension.
7. This relates to the period from 1 January 2021 to 1 April 2021, from which date Ross McCluskey ceased to be a Director.
8. This relates to the period from 1 April 2021 when Jonathan Timmis was appointed as a Director.
9. This relates to the buyout awards granted to Jonathan Timmis when he joined the Company on 1 April 2021. Further information on these awards is outlined on page 155.

Remuneration Committee report
Continued

Non-Executive Directors		Base salary or fees[1] £'000	Benefits[2] £'000	BIK arising from performance of duties[3] £'000	Total £'000
Andrew Martin (appointed Chair 1 Jan 2021)	**2021**	**350**	–	–	**350**
	2020	92	–	–	92
Sir David Reid (retired 31 Dec 2020)	**2021**	**n/a**	**n/a**	**n/a**	**n/a**
	2020	320	25	3	348
Graham Allan	**2021**	**89**	–	–	**89**
	2020	89	–	–	89
Gurnek Bains	**2021**	**77**	–	–	**77**
	2020	77	–	–	77
Lynda Clarizio (appointed 1 March 2021)	**2021**[4]	**58.5**	–	**1**	**59.5**
	2020	n/a	n/a	n/a	n/a
Tamara Ingram	**2021**	**67**	–	–	**67**
	2020[5]	2	–	–	2
Dame Louise Makin (resigned 30 June 2021)	**2021**[6]	**43.5**	–	–	**43.5**
	2020	77	–	–	77
Gill Rider	**2021**	**86**	–	**0.5**	**86.5**
	2020	77	–	–	77
Jean-Michel Valette	**2021**	**82**	–	**1.5**	**83.5**
	2020	72	–	2	74
Lena Wilson (resigned 31 January 2021)	**2021**[7]	**11.5**	–	–	**11.5**
	2020	77	–	1	78

1. Pursuant to the policy of aligning Directors' interests with those of shareholders, £10,000 of the fees paid to the Non-Executive Directors and £35,000 of the fees paid to the Chairman were used to purchase shares in the Company.
2. With respect to the Non-Executive Directors no other benefits are provided (in 2020 Sir David Reid received a car allowance of £25,000).
3. Certain expenses relating to ensuring that the Directors were in a position in order to undertake the performance of their duties (not included in the Benefits column above) such as travel to and from Company meetings, related accommodation and completion of UK tax returns for overseas Directors have been classified as taxable. In such cases, the Company will ensure that the Director is not out of pocket by settling the related tax via the PSA. In line with current regulations, these taxable benefits have been disclosed and are shown in the BIK arising from performance of duties column. The figures shown are the cost of the taxable benefit.
4. The 2021 fees for Lynda Clarizio relate to the period from 1 March 2021, the date she was appointed to the Board.
5. The 2020 fees for Tamara Ingram relate to the period from 18 December 2020, the date she was appointed to the Board.
6. The 2021 figure for Dame Louise Makin relates to the period to 30 June 2021, the date she stepped down from the Board.
7. The 2021 figure for Lena Wilson relates to the period to 31 January 2021, the date she stepped down from the Board.

Remuneration Committee report
Continued

Annual incentive (audited)
The annual incentive for 2021 was based solely on financial measures:

- 80% based on a matrix based on revenue and adjusted operating profit growth; and
- 20% based on return on invested capital ('ROIC').

Overview of the matrix (80% of the award)

		Adjusted operating profit performance (£m)			
		Below threshold	Threshold	Target	Maximum
Revenue performance (£m)	Maximum	0%	40%	65%	100%
	Target	0%	30%	50%	75%
	Threshold	0%	25%	35%	60%
	Below threshold	0%	0%	0%	0%

Straight-line payouts occur between each of the points above threshold noted above.

The Company's performance resulted in a Group annual incentive payout of 85% of maximum opportunity. Performance of individual components is shown below.

2021 Company performance against annual incentive targets (at 2020 constant currency)

Financial measures	% Weighting	2021 Threshold	2021 Target[2]	2021 Maximum	2021 Actual	Achieved[3]	Weighted achievement
Total external revenue[1]		£2,807.7m	£2,865.0m	£2,922.3m	**£2,880.1m**		
Adjusted operating profit[1]		£453.5m	£467.5m	£481.5m	**£485.0m**		
Revenue/profit matrix	80%					81.25%	65.00%
Return on invested capital[4]	20%	22.20%	22.40%	22.60%	**25.10%**	100%	20.00%
Total	**100%**						**85%**

1. Total External revenue calculated using LfL Revenue on constant 2020 exchange rates and Adjusted operating profit excludes certain non budgeted-non recurring items and Separately Disclosed Items.
2. Target is equivalent to 50% payout.
3. Percentage achieved against maximum targets.
4. Organic Return on invested capital as per definition used for the Group's KPIs on page 26.

Remuneration Committee report
Continued

For 2021, the annual incentive outturn in cash and shares is as follows:

	Payable in cash £'000	Deferred Share Award[1] £'000
André Lacroix	840	840
Ross McCluskey[2]	103	103
Jonathan Timmis[3]	338	338

1. These awards vest three years after the date of grant, subject to continued employment or good leaver status. The deferred award is based on 50% of the annual incentive outturn.
2. Values shown reflect the period 1 January 2021 to 1 April 2021.
3. Values shown reflect the period 1 April 2021 to 31 December 2021.

Vesting of LTIP Share Awards (audited)

The LTIP Share Awards granted in 2019 are subject to performance for the three-year period ended 31 December 2021.

The performance conditions attached to this award and actual performance against these conditions are as follows:

Metric	Performance condition	Threshold target[1]	Stretch target[1]	Actual performance	Vesting level
Earnings Per Share (50%)	Annualised fully diluted, adjusted EPS growth, calculated on the basis of foreign exchange rates adopted at the start of the performance targets	4%	10%	0.8%	0.00%
Total Shareholder Return (50%)	Relative TSR performance against the FTSE 31 to 130 (excluding banks and investment trusts)	Median	Upper quartile	Below median[2]	0.00%
Total vesting					**0%**

1. 25% of the LTIP share awards will vest at the threshold target and 100% will pay out at the stretch target.
2. TSR performance calculation was calculated by Deloitte; Intertek was ranked 51st of the 88 members of the comparator group of companies.

Remuneration Committee report
Continued

The LTIP Share Awards granted in 2019 to the Executive Directors were as follows:

Executive Director	Number of shares at grant	Number of shares based on accrued dividends	Total number of shares	Number of shares to lapse	Number of shares to vest	Value of vested shares £'000
André Lacroix	50,117	2,909	53,026	(53,026)	0	0
Ross McCluskey	20,051	1,162	21,213	(21,213)	0	0
Jonathan Timmis[1]	n/a	n/a	n/a	n/a	n/a	n/a
Total	**70,168**	**4,071**	**74,239**	(74,239)	0	0

1. Appointed as a Director on 1 April 2021.

The Committee considered the LTIP outturns in the context of the underlying financial performance of the Group and determined it was appropriate not to exercise its discretion.

LTIP Share Awards granted during the year (audited)
The following LTIP Share Awards were granted to the Executive Directors during 2021:

Executive Director	Type of award	Date of award	Basis of award granted	Award price £	Number of shares over which award was granted	Face value of award £'000	% of face value that would vest at threshold performance	Vesting determined by performance over
André Lacroix	LTIP Share Award	12 March 2021	250% of salary	£53.36	46,296	2,470	25%	Three years to 31 December 2023
André Lacroix	LTIP Share Award	27 May 2021[1]	50% of salary	£58.32	8,471	494	25%	
Ross McCluskey	LTIP Share Award	12 March 2021	200% of salary	£53.36	18,159	969	25%	
Jonathan Timmis	LTIP Share Award	1 April 2021	200% of salary	£56.11	18,713	1,050	25%	

1. Award to André Lacroix was granted following shareholder approval of the Remuneration Policy at the Annual General Meeting held on 26 May 2021 which increased the total basis of award to the CEO from 250% to 300%.

The LTIP Share Awards granted in 2021 are conditional share awards subject to performance for the three-year period ending 31 December 2023. Shares are granted at the average of the mid-market quotation price for the five days up to and including the day immediately before grant.

Remuneration Committee report
Continued

The performance conditions attached to this award and the targets are as follows:

Metric	Performance condition	Threshold target	Maximum target
Earnings Per Share (33.3%)	Annualised fully diluted, adjusted EPS growth, calculated on a constant currency basis and per the EPS definition used for the Group KPIs in the 2020 Annual Report & Accounts.	4%	10%
Return on Invested Capital (33.3%)	Adjusted operating profits less adjusted tax, divided by cumulative invested capital (being net assets excluding tax balances, net financial debt and net pension liabilities) in each of the three years, measured on a constant currency basis.	20%	24%
Adjusted Free Cash Flow (33.3%)	Free cash flow generated from operations less net capital expenditure, net interest paid and income tax paid adjusted for separately disclosed items and is measured on a constant currency basis. Cumulative targets measured over three years.	£977m	£1,057m

Buyout awards
As disclosed in the 2020 Annual Report & Accounts, on 1 April 2021, as part of the remuneration terms relating to his appointment as an Executive Director, the Company agreed to compensate Jonathan Timmis for performance share awards, share option awards and one-off restricted share awards forfeited by him on leaving Reckitt Benckiser Group plc. In determining the appropriate buyout award, the Committee took into account the time horizons of awards forfeit, the nature of the awards and the performance conditions attached to those awards. Reflecting these factors, the Committee agreed to buyout the awards in the form of conditional share awards with vesting periods relative to the awards being forfeit and to vest at the prevailing market rate on the day of vesting. The Committee therefore awarded Jonathan Timmis an award of 39,000 ordinary shares of 1p to vest as per the table below:

Type Of Award	Granted in 2021 Number of shares	Award price	Face value of award £'000	Dividend accrued in 2021	Vested in 2021 Number of shares	Lapsed in 2021 Number of shares	31 December 2021 Number of shares	Date of vesting
Buyout award	13,000	£56.11	729	258	–	–	13,258	April 2022
Buyout award	13,000	£56.11	729	258	–	–	13,258	April 2023
Buyout award	13,000	£56.11	729	258	–	–	13,258	April 2024
Total	**39,000**	**-**	**2,187**	**774**	**-**	**-**	**39,774**	

Shares were awarded at a share price of £56.11, being the average closing mid-market price of an Ordinary Share of 1p on the trading days during the five trading days up to 31 March 2021 being the last trading day before the award. Each award will ordinarily vest on its normal vesting date subject to Jonathan Timmis' continued employment with Intertek. The awards may only be satisfied with market purchased shares or cash. No newly issued shares or treasury shares will be used in connection with the awards. The buyout award shares attract dividend equivalent shares.

Deferred Share Awards granted during the year (audited)
There were no Deferred Share Awards granted to the Executive Directors in 2021.

Remuneration Committee report
Continued

Share Plan Awards (audited)
The table below shows the Directors' interests in the Intertek Share Plans, all of which are restricted stock units ('RSUs'):

	Type of Award	31 December 2020 Number of shares	Granted in 2021 Number of shares	Award price[1] £	Dividend accrued in 2021[2]	Vested in 2021 Number of shares	Lapsed in 2021 Number of shares	31 December 2021 Number of shares	Date of vesting
André Lacroix									
2018	LTIP Share[3,4]	47,037	–	49.49	–	(19,520)	(27,517)	–	Mar 2021
	Dividend	2,522	–	–	–	(1,046)	(1,476)	–	
	Deferred Share[3]	18,815	–	49.49	–	(18,815)	–	–	Mar 2021
	Dividend	1,007	–	–	–	(1,007)	–	–	
2019	LTIP Share[4,5]	50,117	–	47.378	–	–	–	50,117	Mar 2022
	Dividend	1,913	–	–	996	–	–	2,909	
	Deferred Share[5]	15,135	–	47.378	–	–	–	15,135	Mar 2022
	Dividend	576	–	–	300	–	–	876	
2020	LTIP Share[6,7]	44,900	–	53.94	–	–	–	44,900	May 2023
	Dividend	250	–	–	893	–	–	1,143	
	Deferred Share[7]	10,532	–	48.126	–	–	–	10,532	Mar 2023
	Dividend	199	–	–	209	–	–	408	
2021	LTIP Share[8,11]	–	46,296	53.36	–	–	–	46,296	Mar 2024
	Dividend	–	–	–	920	–	–	920	
	LTIP Share[9,11]	–	8,471	58.324	–	–	–	8,471	May 2024
	Dividend	–	–	–	168	–	–	168	
Total		**193,003**	**54,767**		**3,486**	**(40,388)**	**(28,993)**	**181,875**	

Remuneration Committee report
Continued

	Type of Award	31 December 2020 Number of shares	Granted in 2021 Number of shares	Award price[1] £	Dividend accrued in 2021[2]	Vested in 2021 Number of shares	Lapsed in 2021 Number of shares	31 December 2021 Number of shares	Date of vesting
Ross McCluskey (ceased to be a Director on 1 April 2021)									
2018	LTIP Share[3,4]	2,244	–	49.49	–	(931)	(1,313)	–	Mar 2021
	Dividend	117	–	–	–	(48)	(69)	–	
	Deferred Share[3]	2,244	–	49.49	–	(2,244)	–	–	Mar 2021
	Dividend	117	–	–	–	(117)	–	–	
2019	LTIP Share[4,5]	20,051	–	47.378	–	–	–	20,051	Mar 2022
	Dividend	764	–	–	398	–	–	1,162	
	Deferred Share[5]	3,890	–	47.378	–	–	–	3,890	Mar 2022
	Dividend	147	–	–	77	–	–	224	
2020	LTIP Share[6,7]	17,612	–	53.94	–	–	–	17,612	May 2023
	Dividend	98	–	–	349	–	–	447	
	Deferred Share[7]	5,163		48.126	–	–	–	5,163	Mar 2023
	Dividend	97	–	–	102	–	–	199	
2021	LTIP Share[8,11]	–	18,159	53.36	–	–	–	18,159	Mar 2024
	Dividend	–	–	–	360	–	–	360	
	LTIP Share[9,11]	–	2,246	58.324	–	–	–	2,246	May 2024
	Dividend	–	–	–	44	–	–	44	
Total		**52,544**	**20,405**		**1,330**	**(3,340)**	**(1,382)**	**69,557**	

Remuneration Committee report
Continued

	Type of Award	31 December 2020 Number of shares	Granted in 2021 Number of shares	Award price[1] £	Dividend accrued in 2021[2]	Vested in 2021 Number of shares	Lapsed in 2021 Number of shares	31 December 2021 Number of shares	Date of vesting
Jonathan Timmis (appointed as a Director on 1 April 2021)									
2021	Buyout award[10]	_	13,000	56.108		_	_	13,000	April 2022
	Dividend	_			258	_	_	258	
2021	Buyout award[10]	_	13,000	56.108		_	_	13,000	April 2023
	Dividend	_			258	_		258	
2021	Buyout award[10]	_	13,000	56.108		_	_	13,000	April 2024
	Dividend	_			258	_	_	258	
2021	LTIP Share[11,12]	_	18,713	56.108		_	_	18,713	April 2024
	Dividend	_	_	_	371	_	_	371	
Total		**_**	**57,713**		**1,145**	**_**	_	**58,858**	

1. Awards made are based on a share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
2. The dividend shares are accrued on the date the dividend is paid and determined using the closing market price of the shares on that date. The dividend accruals relate to Share Awards made in lieu of not receiving cash dividends during the vesting period.
3. Awards vested on 21 March 2021, on which date the closing market price of shares was £53.83 having been granted on 21 March 2018 on which date the closing market price was £49.55. Awards were made at a share price of £49.49 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
4. 50% of the LTIP Share Awards are subject to EPS and 50% are subject to relative TSR. The EPS threshold level was set at 4% per annum and the upper target at 10% per annum. Under the TSR condition, the Company's TSR ranking is measured relative to the FTSE index members 31 to 130 (excluding banks and investment trusts).
5. Awards will vest on 21 March 2022, subject to continued employment or good leaver status, having been granted on 21 March 2019, on which date the closing market price was £47.70. Awards were made on a share price of £47.378 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
6. One-third of the LTIP Share Awards are subject to EPS, one-third on Return on Invested Capital and one-third on Adjusted Free Cash Flow. Awards will vest on 29 May 2023, subject to continued employment or good leaver status, having been granted on 29 May 2020, on which date the closing market price was £55.06. Awards were made at a share price of £53.94 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant. The LTIP shares will be subject to an additional two-year holding period post-vesting.
7. Awards will vest on 13 March 2023, subject to continued employment or good leaver status, having been granted on 13 March 2020 on which date the closing market price was £45.36. Awards were made at a share price of £48.126, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
8. One-third of the LTIP Share Awards are subject to EPS, one-third on Return on Invested Capital and one-third on Adjusted Free Cash Flow. Awards will vest on 12 March 2024, subject to continued employment or good leaver status, having been granted on 12 March 2021, on which date the closing market price was £53.06. Awards were made at a share price of £53.36 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant. The LTIP shares will be subject to an additional two-year holding period post-vesting.
9. One-third of the LTIP Share Awards are subject to EPS, one-third on Return on Invested Capital and one-third on Adjusted Free Cash Flow. Awards will vest on 27 May 2024, subject to continued employment or good leaver status, having been granted on 27 May 2021 on which date the closing market price was £54.82. Awards were made at a share price of £58.324 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant. The LTIP shares will be subject to an additional two-year holding period post-vesting.
10. Awards will vest on 1 April 2022, 1 April 2023 and 1 April 2024, subject to continued employment or good leaver status, having been granted on 1 April 2021 on which date the closing market price was £57.20. Awards were made at a share price of £56.11, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
11. One-third of the LTIP Share Awards are subject to EPS, one-third on Return on Invested Capital and one-third on Adjusted Free Cash Flow.
12. Awards will vest on 1 April 2024, subject to continued employment or good leaver status, having been granted on 1 April 2021 on which date the closing market price was £57.20. Awards were made at a share price of £56.11, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.

Remuneration Committee report
Continued

Malus and clawback (audited)
Malus and clawback will operate, in respect of the 2011 Long Term Incentive Plan and the 2021 Long Term Incentive Plan, in various circumstances including where there is reasonable evidence of misbehaviour or material error, conduct considered gross misconduct, breach of any restrictive covenants by participants, conduct which resulted in (a) significant loss(es) to the Company, failure to meet appropriate standards of fitness and propriety; a material failure of management in the Company, a discovery of a material misstatement in the audited consolidated accounts or the behaviour of a Director has a significant detrimental impact on the reputation of the Group. Clawback can be applied at any time during the clawback period, which is six years from the date of the award unless extended by the Remuneration Committee prior to the expiry of the initial clawback period.

The Committee has the discretion to reduce annual incentive payments if it believes that short-term performance has been achieved at the expense of the Group's long-term future or vice versa. The Committee also retains the discretion to reduce or reclaim payments if the performance achievements are subsequently found to have been significantly misstated.

Directors' interests in ordinary shares (audited)
The interests of the Directors in the shares of the Company as at the year end, or date of ceasing to be a Director, are set out below. Save as stated in this report, during the course of the year, no Director or any member of his or her immediate family have any other interest in the ordinary share capital of the Company or any of its subsidiaries. None of the Non-Executive Directors have share options or share awards.

	Beneficially owned at 31 December 2020	Beneficially owned at 31 December 2021 or on ceasing to be a Director[1]	Outstanding LTIP Share Awards[2]	Outstanding Deferred Shares[3]	Shareholding as a % of salary[4]	Shareholding Guideline met
André Lacroix[5]	432,535	**463,940**	154,924	26,951	2,644	Yes
Ross McCluskey[6]	5,312	**7,082**	57,791	4,114	72	No
Jonathan Timmis[7]	0	**548**	19,084	39,774	5	No
Andrew Martin	474	**7,811**	–	–	n/a	n/a
Graham Allan	355	**460**	–	–	n/a	n/a
Gurnek Bains	357	**462**	–	–	n/a	n/a
Lynda Clarizio[8]	0	**108**	–	–	n/a	n/a
Tamara Ingram[9]	0	**105**	–	–	n/a	n/a
Dame Louise Makin[10]	1,179	**1,284**	–	–	n/a	n/a
Gill Rider	754	**863**	–	–	n/a	n/a
Jean-Michel Valette	10,370	**10,479**	–	–	n/a	n/a
Lena Wilson[11]	1,182	**1,182**	–	–	n/a	n/a

1. No changes in the above Directors' interests have taken place between 31 December 2021 and 28 February 2022.
2. Subject to performance conditions.
3. Subject to continued employment or good leaver status.
4. Calculated as the number of shares beneficially owned at 31 December 2021 based on a share price of £56.30 as at 31 December 2021, being the last trading day, and applied to the annual salary for 2021.
5. Appointed 16 May 2015 with the guideline to hold 200% of base salary in shares by 16 May 2020. With effect from 26 May 2021, this was increased to 500% of base salary with effect from the AGM held on 26 May 2021, which has been exceeded.
6. Joined Intertek in August 2016 with the guideline to hold 35% of base salary in shares by August 2021. This was increased on his appointment to Chief Financial Officer on 22 August 2018 to 200% to be achieved by August 2023. He stepped down from the Board with effect from 1 April 2021.
7. Appointed 1 April 2021 with a guideline to hold 200% of base salary in shares by 1 April 2026. This was increased to 300% of base salary with effect from the AGM held on 26 May 2021.
8. Appointed 1 March 2021.
9. Appointed 18 December 2020.
10. Stepped down from the Board with effect from 30 June 2021.
11. Stepped down from the Board with effect from 31 January 2021.

Remuneration Committee report
Continued

Post-employment share ownership requirements
In line with best practice on the post-cessation of employment shareholding guidelines, Executive Directors are required to retain shares equivalent to the lower of their actual shareholding and in-employment shareholding requirement for two years after ceasing employment with Intertek. These will be held in the company Nominee account with the date that the holding restriction falls away annotated on the account.

Payments to past Directors (audited)
Edward Leigh received 10,018 shares on 21 March 2021 which vested at a share price of £53.83. This relates to the 2018 LTIP award, where Edward was treated as a good leaver, with awards pro-rated based on time served in employment. These vested in line with the LTIP awards vesting for other Executives in respect of the performance period ending on 31 December 2020 (41.5%) of maximum.

Ross McCluskey stepped down from his position as a Director on 1 April 2021 and details of his remuneration have been included earlier in the report.

Payments for loss of office (audited)
Louise Makin and Lena Wilson received no payment on ceasing to be Non-Executive Directors of the Company and no payments were made to any Director of the Company for loss of office.

Ross McCluskey continues to be employed by the Group and therefore was not treated as a leaver for the purpose of outstanding incentive awards on ceasing to be a Director.

Percentage change in remuneration levels
The table below shows the average movement in salary and annual incentive for UK employees between the 2019 and 2020, and the 2020 and 2021 financial year ends. The UK total employee population has been chosen as a comparator, as the parent company (Intertek Group plc) does not have any employees apart from the Directors.

	Salary %		Annual Incentive %		Benefits%	
	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
CEO (André Lacroix[1])	1.0	1.44	(24.2)	n/a[3]	(12.4)	(2.31)
CFO (to 1 April 2021) (Ross McCluskey)	0.5	(74.63)[4]	12.2	n/a[3]	(2.5)	(54.72)
CFO (from 1 April 2021) (Jonathan Timmis)	n/a	–	n/a	–	n/a	–
Average based on Intertek's UK employees[2]	3.2		(9.9)	n/a	16.45	14.4
Chairman (to 31 Dec 2020) (Sir David Reid)	0	–	n/a	n/a	(25.1)	–
Chairman (from 1 Jan 2021) (Andrew Martin)	0	280.43	n/a	n/a	n/a	0
Graham Allan	0	0	n/a	n/a	0[5]	0
Gurnek Bains	0	0	n/a	n/a	(100)	0
Lynda Clarizio (from 1 March 2021)	n/a	–	n/a	n/a	n/a	–
Tamara Ingram (from 18 Dec 2020)	n/a	3250	n/a	n/a	n/a	0
Dame Louise Makin (to 30 June 2021)	0	(43.51)	n/a	n/a	(59.3)	0
Gill Rider	0	11.69	n/a	n/a	(63.5)	n/a[3]
Lena Wilson (to 31 January 2021)	0	(85.06)	n/a	n/a	(77.2)	(100)
Jean-Michel Valette	0	13.89	n/a	n/a	(48.9)	(25)

1. The percentage change for incentive and benefits for André Lacroix are based on actual amounts earned from 2019, 2020 and 2021.
2. The Intertek UK employee group has been selected as the most appropriate comparator group, due to the diverse nature of the Group's global employee population.
3. There was an increase in 2020/2021 in comparison to 2019/2020, however due to a 0% change in 2019/2020 it is not possible to calculate the percentage increase.
4. The percentage change for Ross McCluskey is based on the period 1 January to 1 April 2021, when he ceased to be an Executive Director.
5. The percentage change in the 2020 Annual Report & Accounts for 2019/2020 was misstated as an 131% increase. This has been corrected to 0%.

CEO pay ratio
The following table sets out the CEO's pay ratio, comparing the CEO's total remuneration against that of UK employees. The table below shows the required information from 2019 through to 2021. The slight increase in the 2021 CEO's pay ratio is predominantly due to much larger bonus earned in 2021.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021 CEO	Option B	**117:1**	**90:1**	**56:1**
2020 CEO[1]	Option B	94:1	72:1	50:1
2019 CEO	Option B	205:1	152:1	107:1

1. These ratios have been updated to reflect actual LTI vesting value in the single pay figure.

The regulations also require the total pay and benefits and the salary component of total pay to be set out as follows:

	Base salary £	Total pay and benefits £
CEO remuneration	988,153	3,047,636
UK employee 25th percentile	24,872	26,115
UK employee median	30,341	33,938
UK employee 75th percentile	46,113	54,300

Remuneration Committee report
Continued

In terms of reporting options, the Company chose option B, using the most recent gender pay gap information to determine the relevant employees at the 25th, 50th and 75th percentile to compare to CEO pay, as that data was already available and is used for other reporting purposes. It refers to gender pay data as of 1 April 2021 and uses the single total figure methodology for the identified individuals. The pay and benefits for the employees at the quartiles are their total actual annual pay and benefits as of 31 December 2021.

With regards to representativeness of the ratios, Intertek is a very diverse employer and has employees in many UK locations. Our employees have many different qualifications and are working in and serving almost all major industries. As a consequence, it is unlikely that there is any one single individual whose pay and benefits is representative of Intertek UK as a whole. Intertek have therefore also looked at the total pay of the individuals immediately above and below the 25th, 50th and 75th percentile. Looking at the spread of resulting ratios, it was decided that the 'best equivalent' would be the arithmetic mean of the total pay of three individuals around each reporting point:

- For the three employees around the 25th percentile: Ratios ranged from 113:1 to 119:1, with an arithmetic mean of 117:1.
- For the three employees around the 50th percentile: Ratios ranged from 86:1 to 92:1, with an arithmetic mean of 90:1.
- For the three employees around the 75th percentile: Ratios ranged from 49:1 to 62:1, with an arithmetic mean of 57:1.

When calculating total pay and rewards, no pay components were omitted. The Company used the calculation methodology as set out in the relevant regulations (The Companies (Miscellaneous Reporting) Regulations 2018). For part-time employees, their relevant pay and benefit components have been adjusted to the equivalent full-time figure for the relevant business. Full-time equivalent hours can vary across locations and legal entities.

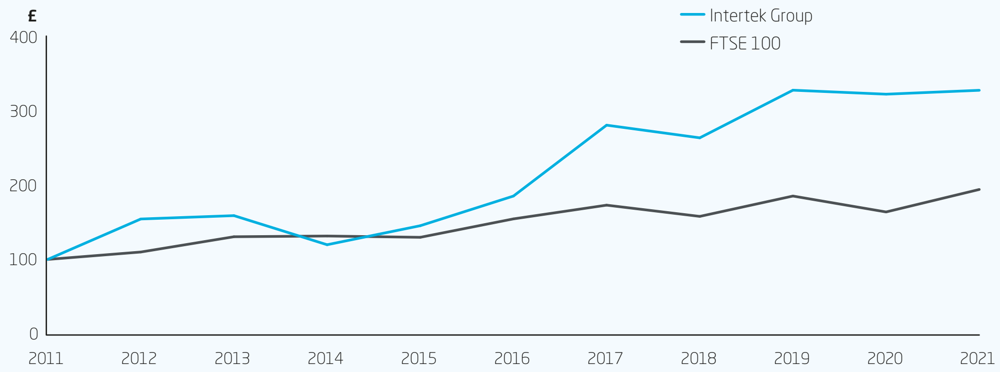
The pay ratio reflects how remuneration arrangements differ as responsibility increases for more senior roles in the organisation, including reflecting that an increased proportion is based on performance-related variable pay and short term based incentives for more senior executives. The Committee is therefore comfortable that the pay ratio reflects the pay and progression policies at Intertek.

Relative importance of the spend on pay
The table below shows the movement in spend on staff costs between the 2020 and 2021 financial years, compared to dividends.

	2021 £m	2020 £m	% change
Staff costs[1]	**1,242.6**	1,220.4	1.8%
Dividends	**170.6**	170.4	0.1%

1. Staff costs are shown at actual rates. At constant currency, staff costs increased by 6.7%, reflecting a 5.9% foreign exchange impact.

Performance graph
Consistent with prior years, the graph alongside shows the TSR in respect of the Company over the last ten financial years, compared with the TSR for the full FTSE 100 Index. The FTSE 100 is selected as the comparator group as it is a good representation of peer group companies and Intertek is a constituent of the FTSE 100. TSR, reflecting the change in the value of a share and dividends paid, can be represented by the value of a notional £100 invested at the beginning of a period and its change over that period.



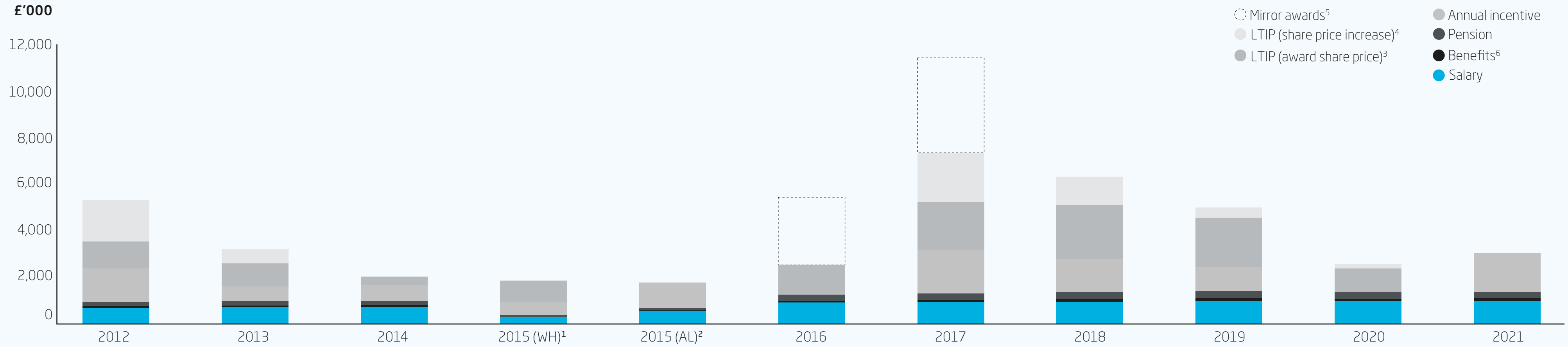
Remuneration Committee report
Continued

CEO total remuneration
The total remuneration figures for the CEO during each of the past ten financial years are shown in the table below. Consistent with the calculation methodology for the single figure for total remuneration, the total remuneration figure includes the total annual incentive and Deferred Share Award based on that year's performance and LTIP share awards based on the three-year performance period ending in the relevant year. The annual incentive payout and LTIP award vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	2012	2013	2014	W Hauser 2015	A Lacroix 2015	2016	2017	2018	2019	2020	2021
Total remuneration £'000	5,298	3,195	2,011	876	1,824	5,452[1]	11,417[1]	6,223	4,986	2,470	**3,048**
Annual incentive (%)	83.1	34.6	38.4	90.6	96.6	70.2	100.0	75.5	52.3	0.0	**85.0**
LTIP award vesting (%)	100.0	81.8	25.2	–	–	–	90.87	98.32	89.40	41.50	**0.0**

1. As reported in previous years, at the time of joining, the Company had bought out André's existing share awards with his previous employer in two tranches of 91,575 and 91,574 shares vesting in 2016 and 2017, each at an award price of £28. The tranche that vested in 2017 vested at a share price of £42.95, which represents an increase in our Company share price over the two years of over 53%. These awards were one-off awards and not part of his ongoing remuneration.

The graph below shows the total remuneration of the Intertek CEO over the ten-year period from 2012 to 2021.



1. Shows W Hauser remuneration based on period to 15 May 2015.
2. Shows A Lacroix remuneration for the period from appointment as CEO on 16 May 2015.
3. LTIP (award share price) shows the proportion of the LTIP value received which resulted from the share price on the award date.
4. LTIP (share price increase) shows the proportion of the LTIP value received which resulted from increase in the share price over the vesting period, which in 2021 was £175,283
5. Mirror Awards – as reported in previous years, at the time of joining, the Company had bought out André's existing share awards with his previous employer in two tranches of 91,575 and 91,574 shares vesting in 2016 and 2017 each at an award price of £28. The tranche that vested in 2017 vested at a share price of £42.95 which represents an increase in our Company share price over the two years of over 53%. These awards were one-off awards and are not part of his ongoing remuneration.
6. Years 2018 to 2021 also include benefits in kind ('BIK') arising from performance of duties and will continue to include any BIK values in future years.

Approval of the Directors' Remuneration report
The Directors' Remuneration report, including both the Directors' Remuneration Policy review report and the Annual report on remuneration, was approved by the Board on 28 February 2022.

Gill Rider
Chair of the Remuneration Committee

Other statutory information

In accordance with the requirements of the Companies Act 2006 ('Act') and the Disclosure Guidance and Transparency Rules ('DTR') of the Financial Conduct Authority ('FCA'), the following section describes the matters that are required for inclusion in the Directors' Report and were approved by the Board. Further details of matters required to be included in the Directors' Report that are incorporated by reference into this report are set out below.

Annual Report & Accounts and compliance with Listing Rule ('LR') 9.8.4 R

The Board has prepared a Strategic Report (pages 4 to 61) which provides an overview of the development and performance of the Company's business together with any research and development activities during the year ended 31 December 2021 and its position at the end of that year. The Strategic Report also outlines any important events since the end of the financial year and also likely future developments in the business of the Company and Group.

For the purposes of compliance with DTR 4.1.5 R(2) and DTR 4.1.8 R, the required content of the management report can be found in the Strategic Report and this Directors' Report, including the sections of the Annual Report & Accounts incorporated by reference.

For the purposes of LR 9.8.4C R, the information required to be disclosed by LR 9.8.4 R can be found in the next table.

Topic	Location and page
1. Amount of interest capitalised	Not applicable
2. Any information required by LR 9.2.18 R (Publication of unaudited financial information)	Not applicable
3. Details of long-term incentive schemes	Directors' Remuneration report (pages 136 to 162)
4. Waiver of emoluments by a Director	Not applicable
5. Waiver of future emoluments by a Director	Not applicable
6. Non pre-emptive issues of equity for cash	Not applicable
7. Information required by (6) above for any unlisted major subsidiary undertaking of the Company	Not applicable
8. Company participation in a placing by a listed subsidiary	Not applicable
9. Any contracts of significance	Other statutory information (page 164)
10. Any contracts for the provision of services by a controlling shareholder	Not applicable
11. Shareholder waivers of dividends	Other statutory information (page 164)
12. Shareholder waivers of future dividends	Other statutory information (page 164)
13. Agreements with controlling shareholders	Not applicable

Directors

The names of the members of the Board, as at the date of this report, and their biographical details are set out on pages 102 to 104. During the year, Andrew Martin was appointed as Chairman on 1 January 2021, Lynda Clarizio was appointed as a Non-Executive Director of the Board on 1 March 2021 and Jonathan Timmis was appointed Chief Financial Officer and a Director on 1 April 2021. Lena Wilson stepped down from the Board as a Non-Executive Director on 31 January 2021, Ross McCluskey ceased to be Chief Financial Officer and a Director on 1 April 2021 after being promoted to an operational role as Executive Vice President Europe and Central Asia and Louise Makin stepped down from the Board as a Non-Executive Director on 30 June 2021.

Articles of Association

The Company's Articles of Association contain provisions relating to the retirement, election and re-election of Directors but, in accordance with best practice, all Directors who wish to continue to serve will stand for re-election at the Annual General Meeting ('AGM').

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 upon request from the Group Company Secretary and are available at the Company's AGM. Further powers are granted by members in general meeting and those currently in place are set out in detail in the appropriate section of this report.

Directors' indemnities

The Board believes that it is in the best interests of the Group to attract and retain the services of the most able and experienced Directors by offering competitive terms of engagement, including the granting of indemnities on terms consistent with the applicable statutory provisions. In accordance with the Articles of Association, the Company has executed deed polls of indemnity for the benefit of the Directors of the Company.

These provisions, which are deemed to be qualifying third-party indemnity provisions (as defined by section 234 of the Act), were in force during the financial year ended 31 December 2021, for the benefit of the Directors and, at the date of this report, remain in force in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

Directors' interests

Other than the Directors' service agreements or letters of appointment, none of the Directors of the Company had a personal interest in any business transactions of the Company or its subsidiaries. The terms of the Directors' service agreements or letters of appointment and the Directors' interests in shares and share awards of the Company, in respect of which transactions are notifiable to the Company and the FCA under Article 19 of the UK Market Abuse Regulation, are disclosed in the Remuneration report on pages 142, 144 and 159.

Directors' powers

The Directors are responsible for the strategic management of the Company and their powers to do so are determined by the provisions of the Act and the Company's Articles of Association.

Other statutory information
Continued

Dividend
The Directors are recommending a final dividend of 71.6p per ordinary share (2020: 71.6p) making a full-year dividend of 105.8p per ordinary share (2020: 105.8p) which will, if approved at the AGM, be paid on 17 June 2022 to shareholders on the register at the close of business on 27 May 2022.

Share capital
The issued share capital of the Company and the details of the movements in the Company's share capital during the year are shown in note 15 to the financial statements.

The holders of ordinary shares are entitled to receive dividends when declared, receive the Company's Annual Report & Accounts, attend and speak at general meetings of the Company, appoint proxies and exercise voting rights. A waiver of dividend exists in respect of the 274,546 shares held by the Intertek Group Employee Share Ownership Trust ('Trust') as at 31 December 2021 and with respect to future dividends. Details of the shares purchased by the Trust during the year are outlined in note 15 to the financial statements. There are no restrictions on the transfer of ordinary shares in the Company.

The rights attached to shares in the Company are provided by the Articles of Association, which may be amended or replaced by means of a special resolution of the Company in a general meeting. The Directors' powers are conferred on them by UK legislation and by the Company's Articles of Association.

No ordinary shares carry any special rights with regard to the control of the Company and there are no restrictions on voting rights except that a shareholder has no right to vote in respect of a share unless all sums due in respect of that share are fully paid. There are no arrangements known to the Company by which financial rights carried by any shares in the Company are held by a person other than the holder of the shares, nor are there any arrangements between holders of securities that may result in restrictions on the transfer of securities or on voting rights known to the Company. All issued shares are fully paid.

Shares are admitted to trading on the London Stock Exchange and may be traded through the CREST system.

Allotment of shares
At the AGM held in 2021, the shareholders generally and unconditionally authorised the Directors to allot relevant securities up to approximately two-thirds of the nominal amount of issued share capital.

It is the Directors' intention to seek renewal of this authority in line with guidance issued by the Investment Association. The resolution will be set out in the Notice of AGM.

At the AGM held in 2021, the Directors were also empowered by the shareholders to allot equity securities, up to 5% of the Company's issued share capital, for cash under section 570 of the Act. It is intended that this authority be renewed, at the forthcoming AGM.

It is the Board's intention, in line with guidance issued by the Pre-Emption Group, to also propose the renewal of the additional special resolution to allow the Company to allot equity securities up to a further 5% of the Company's issued share capital. This is applicable when the Board determines a transaction to be an acquisition or other capital investment, as defined by the Pre-Emption Group's Statement of Principles and is announced contemporaneously with the allotment or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Purchase of own shares
Shareholders also approved the authority for the Company to buy back up to 10% of its own ordinary shares by market purchase until the conclusion of the AGM to be held this year. The Directors will seek to renew this authority for up to 10% of the Company's issued share capital at the forthcoming AGM. This power will only be exercised if the Directors are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase, and accordingly, that the purchase is in the interests of shareholders. The Directors will also give careful consideration to gearing levels of the Company and its general financial position. Any shares purchased in this way may be held in treasury which, the Directors believe, will provide the Company with flexibility in the management of its share capital. Where treasury shares are used to satisfy Share Awards, they will be classed as new issue shares for the purpose of the 10% limit on the number of shares that may be issued over a ten-year period under the relevant share plan rules. The Company currently holds no shares in treasury.

Significant agreements
The Company is not a party to significant agreements which take effect, alter or terminate upon a change of control following a takeover bid apart from a number of credit facilities with banks together with certain senior notes issued by the Company. The total amount owing under such credit facilities and senior note agreements as at 31 December 2021 is shown in note 14 to the financial statements. These agreements contain clauses such that, in the event of a change of control, the Company can offer to or must repay all such borrowings together with accrued interest, fees and other sums owing as required by the individual agreements.

The rules of the Company's incentive plans contain clauses relating to a change of control resulting from a takeover and, in such an event, awards would vest subject to the satisfaction of any associated performance criteria. The Company is not aware of any other agreements with change of control provisions that are considered to be significant in terms of their potential impact to the business.

There are no significant agreements or contracts in place with any group company and a director of the Company or a major shareholder.

Other statutory information
Continued

Material interests in shares
Up to 28 February 2022, being the latest practicable date before the publication of this report, the following disclosures of major holdings of voting rights have been made (and have not been amended or withdrawn) to the Company pursuant to the requirements of Rule 5 of the DTR of the FCA ('DTR 5'). The Company is not aware of any changes in the interests disclosed under DTR 5 since the year end.

At date of notification

Shareholder	Direct voting rights	Indirect voting rights	Percentage of voting rights attached to shares	Voting rights through financial instruments	Percentage of voting rights through financial instruments	Total voting rights	Percentage of total voting rights
BlackRock Inc.	–	10,473,019	6.49%	1,392,394	0.85%	11,865,413	7.34%
Fiera Capital Corporation	–	9,553,525	5.92%	–	–	9,553,525	5.92%
Mawer Investment Management Ltd	8,110,417	–	5.03%	–	–	8,110,417	5.03%
Marathon Asset Management LLP	–	8,037,714	4.98%	–	–	8,037,714	4.98%
Massachusetts Financial Services Company	–	8,004,731	4.96%	–	–	8,004,731	4.96%

These holdings are published on a Regulatory Information Service and on the Company's website.

Our people
Information about the Group's employees, employment of disabled persons policies and employment practices is contained within this report on pages 73 to 79. Information on the employee share schemes is in the Directors' Remuneration report and in note 17 to the financial statements on page 206. The steps by the Company taken to inform, engage and consult with employees is outlined in pages 114 to 120 and in the Section 172 statement on page 55.

Stakeholders
Information on the steps by the Company taken to inform, engage and consult with our stakeholders is outlined in pages 114 to 120 and in the Section 172 statement on pages 58 to 61.

Energy Use and Greenhouse Gas emissions ('GHG')
Information about the Group's energy use, GHGs and methodologies used for the calculations are given in this report on pages 86 to 88.

Task Force on Climate-Related Financial Disclosures ('TCFD')
The climate-related financial disclosures consistent with TCFD recommendations are on pages 50 to 54.

Political donations
At the AGM in 2021, shareholders passed an ordinary resolution, on a precautionary basis, to authorise the Company to make donations to EU political organisations and to incur EU political expenditure (as such items are defined in the Act) not exceeding £90,000.

During the year the Group did not make any such political donations (2020: £nil). It is the Company's policy not, directly or through any subsidiary, to make what are commonly regarded as donations to any political party.

At the forthcoming AGM of the Company, shareholders' approval will again be sought to authorise the Group to make political donations and/or incur political expenditure (as such terms are defined in section 362 to 379 of the Act). Further information is contained in the Notice of AGM.

Branches
The Company, through various subsidiaries has established branches in a number of different countries in which the business operates. The list of related undertakings is available on pages 209 to 217.

Auditor
The auditor, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office. Upon the recommendation of the Audit Committee, a resolution to reappoint them as auditor and to determine their remuneration will be proposed at the forthcoming AGM.

Financial instruments
Details about the Group's use of financial instruments are outlined in note 14 to the financial statements.

Annual General Meeting
The Notice of AGM, which is to be held on 25 May 2022, is available for download from the Company's website at intertek.com/investors. The Notice details the business to be conducted at the meeting and includes information concerning the deadlines for submitting proxy forms and in relation to voting rights.

Statement of disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all reasonable steps that he or she ought to have taken as a Director of the Company to make themselves aware of any relevant audit information and to establish and ensure that the Company's auditor is aware of that information.

Statement of Directors' responsibilities
in respect of the financial statements

The Directors are responsible for preparing the Annual Report & Accounts 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 UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006.

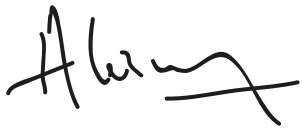
The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:
- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, 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 United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:
- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.



André Lacroix
Chief Executive Officer
28 February 2022

Registered Office:
33 Cavendish Square, London W1G 0PS

Registered Number: 04267576

Risk management

Identifying and managing our risks is key to creating sustainable value

Managing risk is key to our organisation being sustainable. Being able to identify and prioritise both opportunities and threats impacting our business, we are able to achieve our objectives over the long term in order to sustain success.

Intertek has implemented an end-to-end integrated approach to risk, control and compliance which: embeds risk management throughout our business; allows us to dynamically adapt our controls, policies and assurance activities as our risk environment changes; and creates responsibility and oversight of our risk identification and risk mitigation actions to ensure they are effective, relevant and robust.

Our integrated risk management framework
Risk management is embedded throughout our organisation using a framework of divisional, regional and functional risk committees. These committees meet quarterly to identify, monitor and assess the risks within their area of responsibility using tools which include a dashboard of leading and lagging risk indicators and risk mitigation action plans. It is the responsibility of each committee to assess whether its risk environment is changing, whether it has the right mitigation action plans and whether new or different plans are required in response to new or changing risks.

The risk committees report to our Group Risk Committee which in turn provides a report on risk and mitigation actions at each meeting of the Board.

Our integrated approach to identifying and mitigating risks
At Intertek, we view our risk environment as consisting of emerging risks (risks that are potential or future-looking) and systemic risks (risks which are concrete and actually present or inherent in our operations). Emerging risks are assessed by perceived likelihood and impact and addressed using mitigation action plans on a 'three lines of defence' model. Systemic risks are addressed using our internal controls, policies and procedures.

Our risk identification and mitigation approach is integrated and dynamic as our risk committees continually review their emerging risks and, to the extent those risks start to become systemic (or 'real' rather than 'potential' risks), identify new controls, policies or procedures so that we can put new systemic mitigations in place.

Our integrated approach to risk assurance
We have an integrated approach to getting assurance that our risks are being appropriately and effectively identified and addressed. We use an integrated assurance map, which takes each of our emerging and systemic risks and maps an assurance framework onto them by identifying the roles or functions which are responsible for the management, control and oversight of those risks.

Evidence that this assurance is robust is primarily validated by our Internal Audit function (which audits our financial controls and risks), by our Compliance function (which audits our non-financial, operational controls and risks), and by our CyberSecurity team (which audits our IT controls and risks).

Our integrated approach to risk governance and oversight
The Board ultimately reviews the Group's risks, controls and compliance and mitigation actions. The Audit Committee is responsible for reviewing the adequacy and effectiveness of that risk framework. If this governance and oversight identifies new risks or the need for new controls, policies or procedures, those changes are made and fed back to the framework of risk committees so that governance and oversight results in a dynamic change to our risk identification and mitigation action plans.

Task Force on Climate-related Financial Disclosures ('TCFD')
The TCFD is a market-driven initiative shaping the increased response measures to climate-related financial risks. Mitigating and managing the risks and opportunities associated with climate change is fundamental for Intertek, to enable us to deliver our purpose we evaluate climate related risks and opportunities using our integrated risk management approach. For our TCFD disclosures see pages 50 to 54.

Risk management
Continued

Doing Business the Right Way

We continue to develop a best practice compliance programme to ensure Intertek operates with the highest standards of compliance and ethical business practices, including through our supply chain partners.

We are committed to maintaining the total confidence of our stakeholders. One of the Group's primary business objectives is to help our customers meet quality standards for virtually any market in the world and protect them against risk by ensuring compliance with local, national and international laws.

The accuracy and validity of reports and certificates that we provide are therefore important factors which contribute to our success. Integral to this is 'Doing Business the Right Way'; our internal risk, control, compliance and quality programme.

Our compliance programme ensures:
- that our people have the processes, tools and training they need, and work to ensure a safe and inclusive environment;
- the services we provide and the contracts we enter into are delivered with integrity and in line with our commitment to Total Quality;
- every colleague commits to the highest standards of professional conduct; and
- we deliver sustainable growth by managing our risks and doing the right thing for the longer term.

Internal Audit is responsible for reviewing and assessing Intertek's business processes and provides independent and objective assurance and advice that adds value and improves our internal control systems and operations.

Public policy

Our Government & Public Affairs function interacts with trade associations and governmental authorities to provide input into industry and regulatory improvements in product safety, quality and risk assurance. Any interactions with governments, governmental authorities or regulators are reviewed by our Group Legal & Risk functions to ensure that we comply fully with all laws and regulations.

Ethics, integrity and professional conduct

Our commitment to the highest standards of integrity and professional ethics is embedded in the Group's culture through the integrity principles set out in our Code of Ethics ('Code'). It sets clear expectations that people working for our business must act at all times with integrity and in an open, honest, ethical and socially responsible manner. The Code also covers health and safety, anti-bribery, anti-competitive practices, labour and human rights. The Board, as a whole, oversees the implementation of human rights commitments and supports human rights as defined in the Code.

We have a culture in which all issues relevant to our professional conduct and the Code can be raised and discussed openly without recrimination. We operate a strict zero-tolerance policy regarding any breach of our Code and any behaviour that fails to meet our expected standards of integrity as a trusted leader in the Quality Assurance industry.

To support this policy in action, all people working for, or on behalf of, Intertek are required to sign the Code upon joining the Group or before commencing work on our behalf. This confirms their acceptance of the high standards expected of them in all business dealings.

100%

of our colleagues are required to complete our Code of Ethics training

Intertek employees or people acting on Intertek's behalf are responsible for applying the Code in their own job role, their part of the business and location. Every year, to support the continuing understanding in this area, all of our people are required to complete our comprehensive training course.

This training covers the Code and other important professional conduct areas, such as data security and operational controls. When completing the training, all employees are required to sign a certificate confirming their understanding that any breaches of the Code will result in disciplinary action that may include summary dismissal of the employee concerned.

Whistleblowing hotline

To empower our people and stakeholders to voice any concerns about breaches of the Code or any of our policies (including our Labour and Human Rights Policy and Modern Slavery Policy), we have a well-publicised hotline which can be used by all employees, contractors and others representing Intertek, or by third parties such as our customers or people who are affected by our operations.

This whistleblowing hotline is run by an independent, external provider. It is multi-language and is accessible by phone and by email 24 hours a day. Those concerned are encouraged to report any conduct, compliance, integrity or ethical concerns using the hotline. Information posters are present in all of our sites.

If a report is made to the hotline, it is followed up by Intertek's Compliance officers. Our Group Compliance function, which is independent of our operational businesses and reports directly to our Group General Counsel, fully investigates all reports received.

Provided there is no conflict of interest, all reports are also notified immediately to our Group Ethics & Compliance Committee, which consists of our CEO, CFO, EVP for HR and Group General Counsel. This ensures the effective resolution both of individual issues and of any systemic or process improvements that can be made to address them.

During 2021, 112 reports of non-compliance with the Code were made to our hotline. Of those reports, 19 were substantiated and required remedial action. Of those substantiated claims:

- there were no substantiated grievances relating to human rights, labour practices or societal impact breaches;
- there were no environmental incidents;
- there were no anti-trust incidents reported;
- there were no reported violations of the rights of indigenous people; and
- there were no cases of discrimination.

Five confirmed incidents were identified through our hotline where employees were disciplined or dismissed due to non-compliance with our anti-corruption policy.

Risk management
Continued

Supply chains
Continued focus on suppliers
We are deeply committed to operating with integrity by 'Doing Business the Right Way' and to pursuing our corporate social responsibility activities through living our strong values. Our suppliers have an important part to play in contributing to our sustainability.

Intertek Sustainable Procurement policy

Our sourcing approach
We work with thousands of suppliers around the world. We expect all suppliers to meet the same internationally recognised human rights, environmental and quality standards that we expect of our own businesses. These include meeting local legislative requirements but also applicable international requirements for workers' welfare and conditions of employment, such as those set by the International Labour Organization ('ILO') and the Ethical Trading Initiative.

Large global suppliers offer stability in terms of financial resilience, delivery capacity and pricing structures, potentially coupled with better pricing and improved margins. However, our supply chain is quite diverse and geographically dispersed, and our procurement teams need to find regional and local suppliers. Through structured sourcing processes, we select the best option for us while continuing to support local suppliers that meet our business and sustainability requirements. Over 50% of our annual spend goes on regional and local suppliers, which demonstrates our commitment to supporting the communities in which we operate.

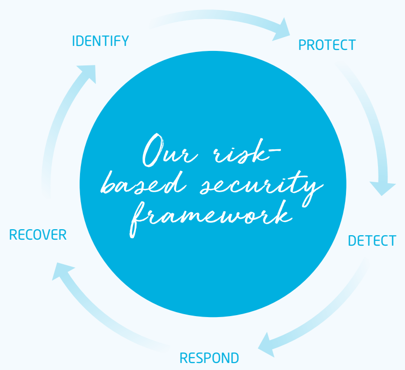
Evaluation of suppliers
Our corporate procedures govern our purchasing and evaluation of vendors and subcontractors supplying Intertek with goods and services.

Approval and evaluation may be based on quality, health and safety, environmental performance and delivery. Performance is also measured, recorded and benchmarked against established objectives as part of our disciplined performance management principles, supported by our Quality Management System.

Further enhancements are planned to aid annual reviews in 2022.

Enterprise Security
At Intertek we have adopted a risk-based security framework, based on international best practice, NIST CyberSecurity Framework. Our framework guides clear policies, standards and supporting guidelines, controls and hiring. We continue to innovate, enhancing service delivery and strengthening internal and external customer relationships to protect customer, employee and Intertek data.

There is regular reporting on progress of the security programmes to governance and oversight committees by our dedicated Chief Information Security Officer, who leads a global team.



Identify
We develop a clear organisational understanding of risks to our systems, people and data, enabling us to prioritise efforts that are consistent with our risk management strategy and business needs.

Protect
We put in place appropriate safeguards to ensure delivery of critical services, including access control, staff awareness and training, and data security. These safeguards support our ability to limit or contain the impact of potential events.

Detect
We define the appropriate activities for the timely discovery of the occurrence of security events. We monitor continuously and verify the effectiveness of protective measures including network and physical activities.

Respond
We ensure response planning processes are executed during and after an incident, so that we take appropriate action regarding situations and contain their impact. We also implement improvements, by incorporating lessons learned from current and previous detection/response activities.

Recover
We undertake appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to an incident. Our recovery function ensures timely recovery to normal operations to reduce the impact from an incident.

Zero
Number of complaints received from outside parties and substantiated by the organisation*

Data protection
We believe that all our people and all our customers have the right to data privacy, and so we have adopted the best practices and standards set out in the General Data Protection Regulation ('GDPR') across all of our markets and operations, and in relation to all individuals whose personal data we obtain and use (not just individuals in the EEA).

Our Group Data Protection Policy is aligned with the GDPR requirements to set out the minimum data protection standards we apply throughout our operations so that we use all personal data transparently, fairly and securely.

To ensure implementation, and to remain uncompromising on Quality and Compliance, our Core Mandatory Controls framework forms the mechanism to define, monitor and achieve consistently high standards. Control and oversight is provided through our CyberSecurity Team, Group Legal & Compliance and the Internal Audit team. We have mandatory training on data privacy for all employees and global data breach response processes.

Zero
Substantiated complaints concerning breaches of customer data policy*

* As reported through our centralised system.

Total Sustainability Assurance

Meeting our own Standards

Intertek has developed ten corporate certification standards. Each standard is designed to verify specific corporate sustainability topics. When your organisation becomes certified in all ten standards, you have achieved Corporate Sustainability Certification.

As a purpose-led organisation we hold ourselves to the same high standards to which we certify our clients and have committed to embed the Total Sustainability Assurance ('TSA') standards within our business and to audit ourselves against them.

The TSA programme is based on ten corporate sustainability standards that we believe define a truly sustainable organisation today. We believe our ten TSA standards are the most comprehensive sustainability standards currently available and include areas that are not covered in other reporting frameworks.

Our ten TSA Corporate Certification Standards demonstrate actionable, comparable, consistent and reliable disclosures and provide assurance beyond ESG disclosures and recognise that truly sustainable solutions must address the important operational aspects of every company, to cover environment, products, processes, facilities, assets, systems, corporate policies and stakeholder engagement.

Progress in 2021

To embed the requirements of all ten standards and review our progress we:

- Completed a self-assessment for each Standard and agreed the scope with the internal audit team for the benchmarking step of the process. The audit team comprises subject matter experts from our Business Assurance business line.
- Benchmarked our sustainability programmes against the requirements of each Standard with the internal audit team. This review focused on the corporate head office and a selection of operational sites that are representative of the mix of business lines and activities within our operations.

Performance is benchmarked against requirements and based on maturity. On completion of the benchmarking step the audit team will provide their findings and assurance to what extent corporate sustainability processes are in place, effective and meeting the intent of the standard.

Outcomes will feed into our ever better approach and provide valuable insights which will enable us to align our sustainability initiatives and priorities further.

Quality & Safety

Provides assurance through management systems certification, risk assessment, internal audits and continual improvement of processes.

Risk Management

Verifies an organisation's insurance coverage, risk processes, controls and reporting, in addition to verifying a plan for business continuity and disaster recovery.

Enterprise Security

Aims to manage and control IP assets and cyber risk, while protecting data, privacy and physical assets.

Communities

Monitors commitment to making a positive impact on local communities as well as global activities.

Compliance

Seeks to verify principles with integrity. It also outlines senior management accountability, compliance monitoring and whistleblower policies.

Governance

Looks to build an accountable and diverse governance structure, in addition to more transparent stakeholder engagement.

Environment

Guides and contributes towards efforts against climate change, management of resources, proactive protection and restoration of ecosystems, waste reduction and compliance with current environmental regulations.

Financial

Helps organisations to create long-term plans, forecasts and strategic management of finances while still managing monthly reporting and budgetary control.

People and Culture

Verifies that the systems and processes are in place to attract, train and retain the right employees by demonstrating a supportive, transparent and fair company culture.

Communications & Disclosures

Defines metrics, internal and external communications procedures for maintaining external transparency.

Transparency

Transparency creates accountability

Engagement with our shareholders and wider stakeholder groups plays a key role to help us understand the impact of our decisions on stakeholders, and provide insight into their needs and concerns. We recognise that disclosures and transparency are key catalysts for driving change.

In line with our own standard on Communications & Disclosures, we deeply believe that total transparency with robust disclosures and relevant targets aligned to corporate strategy is integral for corporations to demonstrate sustainability accountability to their stakeholders.

We are committed to providing stakeholders with accurate and timely updates on our sustainability activities and performance and make every effort to produce a report that is balanced and transparent and meets their needs.

Reporting on our sustainability performance indicators in a consistent and accurate manner is essential for transparent reporting. We follow our own framework of the ten Total Sustainability Assurance Corporate Certification standards as well as GRI and SASB as a basis of preparation for the majority of our sustainability performance indicators.

We are committed to reporting against voluntary external indices to increase transparency, motivate stakeholders and drive change within our business and the value chain.

Completing external assessments demonstrates our commitment to continuous improvement and helps us to prioritise focus areas for future reporting cycles.

Communication guidance and policies
Our Corporate Communications & Public Relations team look after the Group's communications to the Group's corporate stakeholders. This includes communications to the Group's investors, the London Stock Exchange, financial media and the financial analysts that track and analyse the Group's financial performance. Internally, the team helps to support local country marketing teams with corporate data and advice where corporate communications to local stakeholders, such as financial media or government partners, are needed.

The media plays an important role in defining the way Intertek is perceived by its stakeholders. Our media policy sets out policies with respect to the public release of information by employees to the media, and how these requests are managed.

Internal communications
As part of the HR network's efforts to continually improve our development and retention of the best people, our focus is to share the mission, values and success of the Group with our people and develop a supportive and inspiring workplace culture worldwide. An important part of this is regular and consistent engagement with our people through employee communications. The Intertek Group intranet is an internal communication hub. It enables colleagues to stay connected and to share knowledge across the Group in more than 100 countries.

Governance

We are committed to the highest standards of corporate governance to successfully deliver long-term sustainable growth and shareholder value. Our reporting demonstrates how we have engaged with, and taken into consideration, the interests of those stakeholders who are material to the long-term success of our business.

Section 172 statement
Pages 55 to 61
Governance structure
Page 99
Directors' report
Pages 98 to 166

Risk management

We build resilience through systemic risk governance practices to assure a strong culture of risk-based business management.

Principal risks and uncertainties
Pages 44 to 49
Risk management
Pages 167 to 169

TCFD

The Task Force on Climate-related Financial Disclosures ('TCFD') sets out a framework for companies to provide stakeholders with an assessment of the financial implications of climate change and what this means for governance, strategy, risk and metrics. The Annual report contains information in line with the recommendations of the TCFD.

Governance
Page 53
Strategy
Pages 51 and 52
Risk management
Page 54
Metrics and Targets
Pages 54, 86 to 88

Sustainability Disclosure index

Our Sustainability Disclosure index is complementary to our published report and sets out how our disclosures map to our own Total Sustainability standards, the Global Reporting Initiative ('GRI') Standards and applicable Sustainability Accounting Standard Board ('SASB') requirements.

Intertek Sustainability Disclosure Index
intertek.com/investors/sustainability

Financial Report

The Financial Report comprises the Group consolidated Financial Statements and the Company Financial Statements.

The Group consolidated Financial Statements are on pages 173 to 217.

The Company Financial Statements are on pages 218 to 222.

Consolidated income statement

For the year ended 31 December	Notes	Adjusted results* £m	Separately Disclosed Items* £m	Total 2021 £m	Adjusted results* £m	Separately Disclosed Items* £m	Total 2020 £m
Revenue	2	**2,786.3**	**–**	**2,786.3**	2,741.7	–	2,741.7
Operating costs	4	(2,312.4)	(40.7)	(2,353.1)	(2,314.0)	(49.5)	(2,363.5)
Group operating profit/(loss)	2	**473.9**	**(40.7)**	**433.2**	427.7	(49.5)	378.2
Finance income	14	1.5	–	1.5	1.1	–	1.1
Finance expense	14	(29.9)	8.6	(21.3)	(36.0)	0.6	(35.4)
Net financing (costs)/income		**(28.4)**	**8.6**	**(19.8)**	(34.9)	0.6	(34.3)
Profit/(loss) before income tax		**445.5**	**(32.1)**	**413.4**	392.8	(48.9)	343.9
Income tax (expense)/credit	6	(118.0)	11.3	(106.7)	(100.2)	18.9	(81.3)
Profit/(loss) for the year	2	**327.5**	**(20.8)**	**306.7**	292.6	(30.0)	262.6
Attributable to:							
Equity holders of the Company		308.9	(20.8)	288.1	277.3	(30.0)	247.3
Non-controlling interest	20	18.6	–	18.6	15.3	–	15.3
Profit/(loss) for the year		**327.5**	**(20.8)**	**306.7**	292.6	(30.0)	262.6
Earnings per share**							
Basic	7			**178.7p**			153.6p
Diluted	7			**177.9p**			152.4p

* See note 3.
** Earnings per share on the adjusted results is disclosed in note 7.

Consolidated statement of comprehensive income

For the year ended 31 December	Notes	2021 £m	2020 £m
Profit for the year	2	**306.7**	262.6
Other comprehensive income/(expense)			
Remeasurements on defined benefit pension schemes	16	11.5	0.8
Tax on comprehensive income/(expense) items	6	(0.5)	(3.1)
Items that will never be reclassified to profit or loss		**11.0**	(2.3)
Foreign exchange translation differences of foreign operations		(24.7)	(53.9)
Net exchange gain on hedges of net investments in foreign operations	14	4.0	3.7
Gain on fair value of cash flow hedges		–	0.3
Items that are or may be reclassified subsequently to profit or loss		**(20.7)**	(49.9)
Total other comprehensive expense for the year		**(9.7)**	(52.2)
Total comprehensive income for the year		**297.0**	210.4
Total comprehensive income for the year attributable to:			
Equity holders of the Company		277.4	195.4
Non-controlling interest	20	19.6	15.0
Total comprehensive income for the year		**297.0**	210.4

Consolidated statement of financial position

As at 31 December	Notes	2021 £m	2020 £m
Assets			
Property, plant and equipment	8	641.8	585.8
Goodwill	9	1,241.4	835.9
Other intangible assets	9	358.5	279.7
Defined benefit pension asset	16	5.4	-
Deferred tax assets	6	39.3	48.6
Total non-current assets		**2,286.4**	1,750.0
Inventories*		14.9	15.5
Trade and other receivables*	11	661.9	621.2
Cash and cash equivalents	14	265.9	203.9
Current tax receivable		20.6	24.5
Total current assets		**963.3**	865.1
Total assets		**3,249.7**	2,615.1
Liabilities			
Interest-bearing loans and borrowings	14	(462.0)	(31.0)
Current taxes payable		(59.1)	(53.8)
Lease liabilities	14	(63.5)	(61.4)
Trade and other payables*	12	(667.8)	(576.2)
Provisions*	13	(13.2)	(28.8)
Total current liabilities		**(1,265.6)**	(751.2)
Interest-bearing loans and borrowings	14	(537.2)	(592.8)
Lease liabilities	14	(228.8)	(162.8)
Deferred tax liabilities	6	(67.4)	(59.7)
Defined benefit pension liabilities	16	(4.0)	(12.1)
Other payables*	12	(31.9)	(26.1)
Provisions*	13	(0.5)	(7.4)
Total non-current liabilities		**(869.8)**	(860.9)
Total liabilities		**(2,135.4)**	(1,612.1)
Net assets		**1,114.3**	1,003.0

As at 31 December	Notes	2021 £m	2020 £m
Equity			
Share capital	15	1.6	1.6
Share premium		257.8	257.8
Other reserves		(102.5)	(80.8)
Retained earnings		925.1	796.4
Total equity attributable to equity holders of the Company		**1,082.0**	975.0
Non-controlling interest	20	32.3	28.0
Total equity		**1,114.3**	1,003.0

* Working capital of negative £43.3m (2020: negative £4.0m) comprises the asterisked items in the above statement of financial position less refundable deposits aged over 12 months of £6.7m (2020: £2.2m).

The financial statements on pages 173 to 217 were approved by the Board on 28 February 2022 and were signed on its behalf by:

André Lacroix
Chief Executive Officer

Jonathan Timmis
Chief Financial Officer

Consolidated statement of changes in equity

		Attributable to equity holders of the Company							
				Other reserves					
For the year ended 31 December	Notes	Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m	Total before non-controlling interest £m	Non-controlling interest £m	Total equity £m
At 1 January 2020		1.6	257.8	(37.3)	6.1	727.7	955.9	29.4	985.3
Total comprehensive (expense)/income for the year									
Profit		–	–	–	–	247.3	247.3	15.3	262.6
Other comprehensive (expense)/income		–	–	(49.9)	0.3	(2.3)	(51.9)	(0.3)	(52.2)
Total comprehensive (expense)/income for the year		–	–	(49.9)	0.3	245.0	195.4	15.0	210.4
Transactions with owners of the Company recognised directly in equity									
Contributions by and distributions to the owners of the Company									
Dividends paid	15	–	–	–	–	(170.4)	(170.4)	(18.6)	(189.0)
Adjustment arising from changes in non-controlling interest	20	–	–	–	–	(2.2)	(2.2)	2.2	–
Purchase of own shares	15	–	–	–	–	(12.2)	(12.2)	–	(12.2)
Tax paid on Share Awards vested*	17	–	–	–	–	(8.5)	(8.5)	–	(8.5)
Equity-settled transactions	17	–	–	–	–	17.7	17.7	–	17.7
IFRS 16 effects of deferred tax		–	–	–	–	(0.7)	(0.7)	–	(0.7)
Total contributions by and distributions to the owners of the Company		–	–	–	–	(176.3)	(176.3)	(16.4)	(192.7)
At 31 December 2020		1.6	257.8	(87.2)	6.4	796.4	975.0	28.0	1,003.0

* The tax paid on Share Awards vested is related to settlement of the tax obligation on behalf of employees by the Group via the sale of a portion of the equity-settled shares.

Consolidated statement of changes in equity Continued

For the year ended 31 December	Notes	Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m	Total before non-controlling interest £m	Non-controlling interest £m	Total equity £m
		Attributable to equity holders of the Company							
				Other reserves					
At 1 January 2021		**1.6**	**257.8**	**(87.2)**	**6.4**	**796.4**	**975.0**	**28.0**	**1,003.0**
Total comprehensive (expense)/income for the year									
Profit		-	-	-	-	288.1	288.1	18.6	306.7
Other comprehensive (expense)/income		-	-	(21.7)	-	11.0	(10.7)	1.0	(9.7)
Total comprehensive (expense)/income for the year		**-**	**-**	**(21.7)**	**-**	**299.1**	**277.4**	**19.6**	**297.0**
Transactions with owners of the Company recognised directly in equity									
Contributions by and distributions to the owners of the Company									
Dividends paid	15	-	-	-	-	(170.6)	(170.6)	(17.0)	(187.6)
Adjustment arising from changes in non-controlling interest	20	-	-	-	-	-	-	1.7	1.7
Purchase of own shares	15	-	-	-	-	(11.4)	(11.4)	-	(11.4)
Tax paid on Share Awards vested*	17	-	-	-	-	(6.7)	(6.7)	-	(6.7)
Equity-settled transactions	17	-	-	-	-	18.6	18.6	-	18.6
Income tax on equity-settled transactions	6	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Total contributions by and distributions to the owners of the Company		**-**	**-**	**-**	**-**	**(170.4)**	**(170.4)**	**(15.3)**	**(185.7)**
At 31 December 2021		**1.6**	**257.8**	**(108.9)**	**6.4**	**925.1**	**1,082.0**	**32.3**	**1,114.3**

* The tax paid on Share Awards vested is related to settlement of the tax obligation on behalf of employees by the Group via the sale of a portion of the equity-settled shares.

Consolidated statement of cash flows

For the year ended 31 December	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Profit for the year	2	306.7	262.6
Adjustments for:			
Depreciation charge	8	150.6	156.6
Amortisation of software	9	18.7	17.4
Amortisation of acquisition intangibles	9	29.3	28.1
Equity-settled transactions	17	18.6	17.7
Net financing costs	14	19.8	34.3
Income tax expense	6	106.7	81.3
Loss/(Profit) on disposal of property, plant, equipment and software		0.1	(0.9)
Operating cash flows before changes in working capital and operating provisions		650.5	597.1
Change in inventories		0.6	3.5
Change in trade and other receivables		(29.2)	52.9
Change in trade and other payables		62.0	36.8
Change in provisions		(2.7)	(3.1)
Special contributions into pension schemes	16	(2.0)	(2.0)
Cash generated from operations		679.2	685.2
Interest and other finance expense paid		(27.0)	(34.8)
Income taxes paid		(102.0)	(91.6)
Net cash flows generated from operating activities*		**550.2**	558.8
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		1.0	7.6
Interest received*	14	1.5	1.1
Acquisition of subsidiaries, net of cash acquired	10	(480.9)	–
Consideration paid in respect of prior year acquisitions		(10.9)	(0.5)
Acquisition of property, plant, equipment and software*		(97.1)	(79.8)
Net cash flows used in investing activities		**(586.4)**	(71.6)

For the year ended 31 December	Notes	2021 £m	2020 £m
Cash flows from financing activities			
Purchase of own shares	15	(11.4)	(12.2)
Tax paid on share awards vested		(6.7)	(8.5)
Drawdown of borrowings		471.3	279.9
Repayment of borrowings		(72.4)	(507.1)
Repayment of lease liabilities*		(70.4)	(72.0)
Dividends paid to non-controlling interest	20	(17.0)	(18.6)
Equity dividends paid		(170.6)	(170.4)
Net cash flow generated from/(used in) financing activities		**122.8**	(508.9)
Net increase/(decrease) in cash and cash equivalents	14	86.6	(21.7)
Cash and cash equivalents at 1 January	14	183.4	213.0
Exchange adjustments	14	(6.0)	(7.9)
Cash and cash equivalents at 31 December	14	**264.0**	183.4

The notes on pages 179 to 217 are an integral part of these consolidated financial statements.

Cash outflow relating to Separately Disclosed Items was £16.6m for year ended 31 December 2021 (2020: £19.9m).

* Free cash flow of £385.2m (2020: £415.7m) comprises the asterisked items in the above consolidated statement of cash flows.

Notes to the financial statements

1 Significant accounting policies

Basis of preparation
Accounting policies applicable to more than one section of the financial statements are shown below. Where accounting policies relate to a specific note in the financial statements, they are set out within that note, to provide readers of the financial statements with a more useful layout to the financial information presented.

Statement of compliance
Intertek Group plc is a public company incorporated in England & Wales and domiciled in the UK, limited by shares.

The Group financial statements as at and for the year ended 31 December 2021 consolidate those of the Company and its subsidiaries (together referred to as the 'Group') and include the Group's interest in associates. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. Intertek Group plc transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition. The Group financial statements have been prepared by the Directors in accordance with these accounting standards in conformity with the requirements of the Companies Act 2006. The Company financial statements present information about the Company as a separate entity and not about its Group. The Company has elected to prepare its Company financial statements in accordance with UK GAAP, comprising FRS 101 and applicable law; these are presented on pages 218 to 222.

Significant new accounting policies
During the year no new accounting standards were adopted by the Group.

Changes in accounting policies
The accounting policies set out in these financial statements have been applied consistently to all years presented, apart from those disclosed below. There are no new accounting standards that are effective for annual periods beginning on or after 1 January 2021 that have a material effect on the consolidated financial statements of the Group. There are no accounting standards that are issued but not yet effective that are expected to have a material effect on the consolidated financial statements of the Group.

The Interest Rate Benchmark Reform, which does not impact on the Group's hedging instruments, is assessed further in note 14.

In 2021 the Group changed its accounting policy to include finance expenses on tax balances within interest expense. The impact of this change on the opening balance sheet and the prior year income statement is not material and no restatement has been made. The impact on net finance costs for the year ending 31 December 2021 is an increased expense of £4.2m with a corresponding increase in tax liabilities.

Measurement convention
The financial statements are prepared on the historical cost basis except as discussed in the relevant accounting policies.

Functional and presentation currency
These consolidated financial statements are presented in sterling, which is the Company's functional currency. All information presented in sterling has been rounded to the nearest £0.1m.

Going concern
The Group has a broad customer base across its multiple business lines and in its different geographic regions and is supported by a robust balance sheet and strong operational cash flows.

The Board has reviewed the Group's financial forecasts up to 31 December 2023 to assess both liquidity requirements and debt covenants.

In addition, the Group's financial forecasts for 2022 and 2023, and the related liquidity position and forecast compliance with debt covenants, have been sensitised for a severe yet plausible decline in economic conditions (including an illustrative sensitivity scenario of a reduction of 30% to the base profit forecasts and the corresponding impact to cash flow forecasts in each of these years). In addition, reverse stress testing has also been applied to the model which represents a significant decline in cash flows compared with the 30% downside sensitivity. Such a scenario is considered to be remote. The Board remains satisfied with the Group's funding and liquidity position, with the Group forecast to remain within its committed facilities and compliant with debt covenants even following the 30% downside sensitivity. The sensitivity modelling excludes additional mitigating actions (e.g. dividend cash payments, non-essential overheads and non-committed capital expenditure) that are within management control and could be initiated if deemed required.

The undrawn headroom on the Group's committed borrowing facilities at 31 December 2021 was £564.2.m (2020: £494.0m). The maturity of our borrowing facilities is disclosed in Note 14 of the financial statements with repayment of the Acquisition facilities and US$300m of senior notes required by 31 December 2023. Our models forecast these to be repaid using existing facilities, including US$640m senior notes facility committed for issue in December 2021 but which was not available for partial draw down until January 2022, with the remainder available for drawdown in March 2022. Full details of the Group's borrowing facilities and maturity profile are outlined in note 14.

On the basis of its forecasts to 31 December 2023, both base case and downside, and available facilities, the Board has concluded that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

Consideration of climate change
In preparing the financial statements, we have considered the impact of climate change (refer to page 50 within the Strategic Report for further information). There is no material impact on the financial reporting judgement and estimates arising from our considerations which is consistent with the assertion that risks associated with climate change are not expected to have a material impact on the viability of the Group in the short, medium and long term. Specifically we note the following:

- The Group continues to invest in on-site renewable energy generation at our locations. Spend in 2021 was not material.
- We have specifically considered the impact of climate change on the carrying value of fixed assets (see note 8) and in our goodwill impairment assessment (see note 9).
- The Group has not bought carbon credits in 2021 to offset our measured Scope 1, 2 and 3 GHG emissions. In 2020 the cost of purchasing carbon credits was less than £1m.

Government grants
Government grants are recognised in the income statement so as to match them with the related expenses that they are intended to compensate. Where grants are received in advance of the related expenses, they are initially recognised in the balance sheet and released to match the related expenditure. Non-monetary grants are recognised at fair value. The related cash flow is classified in accordance with the nature of the activity.

Notes to the financial statements Continued

1 Significant accounting policies Continued

Basis of consolidation

Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has power to direct the relevant activities, exposure to variable returns from the investee and the ability to use its power over the investee to affect the amount of investor returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

For purchases of non-controlling interest in subsidiaries, the difference between the cost of the additional interest in the subsidiary and the non-controlling interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of acquisition, is reflected directly in shareholders' equity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities (for example cash, trade receivables, trade payables) denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are generally recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. For the policy on hedging of foreign currency transactions see note 14.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to sterling at foreign exchange rates ruling at the reporting date.

The income and expenses of foreign operations are translated into sterling at cumulative average rates of exchange during the year. Exchange differences arising from the translation of foreign operations are taken directly to equity in the translation reserve. They are released to the income statement upon disposal. For the policy on net investment hedging see note 14.

The most significant currencies for the Group were translated at the following exchange rates:

	Assets and liabilities Actual rates		Income and expenses Cumulative average rates	
Value of £1	31 December 2021	31 December 2020	2021	2020
US dollar	1.35	1.35	1.38	1.28
Euro	1.19	1.10	1.16	1.13
Chinese renminbi	8.59	8.81	8.89	8.88
Hong Kong dollar	10.52	10.47	10.70	9.96
Australian dollar	1.86	1.78	1.83	1.87

Key Estimations and Uncertainties

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Discussed below are key assumptions concerning the future, and other key sources of estimation at the reporting date, that could have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Impairment of goodwill

Following recognition of goodwill as a result of acquisitions, the Group determines, as a minimum on an annual basis and including current year acquisitions, whether goodwill is impaired, which requires an estimation of the future cash flows of the cash generating units to which the goodwill is allocated, as well as assumptions on growth rates and discount rates – see note 9.

Employee post-retirement benefit obligations

For material defined benefit plans, the actuarial valuation includes assumptions such as discount rates, return on assets, salary progression and mortality rates. Further details and sensitivity analysis are included in note 16.

There are no critical accounting judgements.

Other accounting policies

Accounting policies relating to a specific note in the financial statements are set out within that note as follows:

	Note
Revenue	2
Separately Disclosed Items	3
Taxation	6
Property, plant and equipment	8
Goodwill and other intangible assets	9
Trade and other receivables	11
Trade and other payables	12
Provisions	13
Borrowings and financial instruments	14
Capital and reserves	15
Employee benefits	16
Share schemes	17
Non-controlling interest	20

2 Operating segments and presentation of results

Accounting policy

Revenue

Revenue represents the total amount receivable for services rendered when there is transfer of control to the customer, excluding sales-related taxes and intra-group transactions.

Revenue from services rendered on short-term projects is generally recognised in the income statement when the relevant service is completed, usually when the report of findings or test/inspection certificate is issued. Short-term projects are considered to be those of less than two months' duration.

In line with IFRS15, rebates and customer discounts are considered to be variable consideration and have been deducted from recognised Revenue.

Revenue is recognised using the five steps for revenue recognition. The majority of contracts are for less than one year. The Group records transactions as sales on the basis of value of work done, with the corresponding amount being included in trade receivables if the customer has been invoiced, or in contract assets, if billing has yet to be completed. Performance obligations vary across business lines and regions, and on a contract-by-contract basis. There may be more than one performance obligation per contract, for example Alchemy Training Solutions contracts have multiple elements which are split between recognising Revenue at a point in time for services such as right of use software licences and over time for other services delivered under the same contract.

Long-term projects consist of two main types:

- time incurred is billed at agreed rates on a periodic basis, such as monthly; or
- staged payment invoicing occurs, requiring an assessment of percentage completion, based on services provided and revenue accrued accordingly.

Expenses are recharged to clients where permitted by the contract. Payments received in advance from customers are recognised in contract liabilities to the extent that performance obligations have not been satisfied.

The Group does not expect to have any material contracts where the period between the transfer of promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group has applied practical expedients in i) recognising assets from the costs incurred to obtain or fulfil a contract; and ii) in disclosing unsatisfied performance obligations in contracts as contracts have an expected duration of less than a year. The economic factors affecting revenue for both short- and long-term contracts are consistent within each.

Operating segments

The Group is organised into business lines, which are the Group's operating segments and are reported to the CEO, the chief operating decision maker.

These operating segments are aggregated into three divisions, which are the Group's reportable segments, based on similar nature of products and services and mid- to long-term structural growth drivers. When aggregating operating segments into the three divisions we have applied judgement over the similarities of the services provided, the customer base and the mid- to long-term structural growth drivers.

The costs of the corporate head office and other costs which are not controlled by the three divisions are allocated appropriately.

Inter-segment pricing is determined on an arm's length basis. There is no significant seasonality in the Group's operations. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The performance of the segments is assessed based on adjusted operating profit which is stated before Separately Disclosed Items. The operating segment revenue disclosures provided under IFRS 8 are consistent with the disaggregated revenue disclosure and recognition and measurement requirements of IFRS 15.

A reconciliation to operating profit by division and Group profit for the year is included overleaf.

The principal activities of the divisions, and the customers they serve, are as follows:

Products – Our Products division consists of business lines that are focused on ensuring the quality and safety of physical components and products, as well as minimising risk through assessing the operating process and quality management systems of our customers.

As a trusted partner to the world's leading retailers, manufacturers and distributors, our Products business lines support a wide range of industries including textiles, footwear, toys, hardlines, home appliances, consumer electronics, information and communication technology, automotive, aerospace, lighting, building products, industrial and renewable energy products, food and hospitality, healthcare and beauty, and pharmaceuticals.

Across these industries we provide a wide range of ATIC services including laboratory safety, quality and performance testing, second-party supplier auditing, sustainability analysis, products assurance, vendor compliance, people assurance, process performance analysis, facility plant and equipment verification and third-party certification.

The acquisition of SAI Global Standards and Assurance ('SAI'), an assurance division that provides audit, inspection and certification services is similar to our existing Business Assurance line and is recognised within our Products division. The acquisition of SAI is in line with our 5x5 strategy, which aims to further strengthen our Total Quality Assurance value proposition and expand our presence in attractive markets with long-term growth opportunities. See note 10 for details of acquisitions.

Trade – Our Trade division consists of three global business lines with similar global and regional trade-flow structural growth drivers with demand driven by population and GDP growth, the development of regional trade, increased traceability and growth in port and transport infrastructure.

The division provides differing services which reflect the breadth of our ATIC offering, but the services provided are similar in nature and include analytical assessment, inspection and technical services that are delivered to the customers through issuing certificates or reports. The three business lines all assist our Trade-related customers in protecting the value and quality of their products during their custody-transfer, storage and transportation, globally. Our Trade-related customers are all dependent on, and intrinsically linked to, global shipping and trade flows.

Notes to the financial statements Continued

2 Operating segments and presentation of results Continued

Our Caleb Brett business provides cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum and biofuels industries.

Our Government & Trade Services business provides inspection services to governments and regulatory bodies to support trade activities that help the flow of goods across borders, predominantly in the Middle East, Africa and South America.

Our AgriWorld business provides analytical and testing services to global agricultural trading companies and growers.

Resources – Our Resources division consists of two business lines demonstrating similar mid- to long-term structural growth drivers closely linked to our end-customer capital investment. Demand is driven by long-term energy demand, supply chain risk management, sustainability of energy supply, infrastructure investments, growth in alternative energy and focus on health and safety.

The division offers similar services across our range of Total Quality Assurance solutions to the oil, gas, nuclear, power and minerals industries. Our Resources customers typically extract natural resources from the ground and our services enable our customers to optimise the use of their assets and to minimise risk in their supply chains. Delivery of our services is through issuing certificates or reports.

Our Industry Services business uses in-depth knowledge of the oil, gas, nuclear and power industries to provide a diverse range of Total Quality Assurance solutions to optimise the use of customers' assets and minimise the risk in their supply chains. Some of our key services include technical inspection, asset integrity management, analytical testing and ongoing training services.

Our Minerals business provides a broad range of ATIC service solutions to the mining and minerals exploration industries, covering the resource supply chain from exploration and resource development, through to production, shipping and commercial settlement.

The results of these divisions for the year ended 31 December are shown below:

Year ended 31 December 2021	Revenue from contracts with customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,755.3	(106.3)	399.7	(34.3)	365.4
Trade	575.4	(43.7)	51.6	(1.4)	50.2
Resources	455.6	(19.3)	22.6	(5.0)	17.6
Total	**2,786.3**	**(169.3)**	**473.9**	**(40.7)**	**433.2**
Group operating profit			**473.9**	**(40.7)**	**433.2**
Net financing (costs)/income			(28.4)	8.6	(19.8)
Profit before income tax			**445.5**	**(32.1)**	**413.4**
Income tax (expense)/credit			(118.0)	11.3	(106.7)
Profit for the year			**327.5**	**(20.8)**	**306.7**

Year ended 31 December 2020	Revenue from contracts with customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,681.6	(108.1)	351.6	(32.1)	319.5
Trade	592.6	(45.1)	47.1	(5.0)	42.1
Resources	467.5	(20.8)	29.0	(12.4)	16.6
Total	2,741.7	(174.0)	427.7	(49.5)	378.2
Group operating profit			427.7	(49.5)	378.2
Net financing (costs)/income			(34.9)	0.6	(34.3)
Profit before income tax			392.8	(48.9)	343.9
Income tax (expense)/credit			(100.2)	18.9	(81.3)
Profit for the year			292.6	(30.0)	262.6

Notes to the financial statements Continued

2 Operating segments and presentation of results Continued

Geographic segments

Although the Group is managed through a divisional structure, which operates on a global basis, under the requirements of IFRS 8 the Group must disclose any specific countries that are important to the Group's performance. The Group considers the following to be the material countries in which it operates: the United States, China (including Hong Kong) and the United Kingdom.

In presenting information on the basis of geographic segments, segment revenue is based on the location of the entity recognising that revenue. Segment assets are based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2021 £m	2020 £m	2021 £m	2020 £m
United States	837.1	870.8	974.2	962.2
China (including Hong Kong)	550.3	517.9	81.4	77.2
United Kingdom	173.9	161.6	226.8	191.2
Other countries and unallocated	1,225.0	1,191.4	959.3	470.8
Total	**2,786.3**	2,741.7	**2,241.7**	1,701.4

Major customers

No revenue from any individual customer exceeded 10% of total Group revenue in 2020 or 2021.

3 Separately Disclosed Items

Accounting policy

Adjusted results

In order to present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the income statement. Separately Disclosed Items ('SDI') are items which by their nature or size, in the opinion of the Directors, should be excluded from the adjusted result to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis A full glossary and definitions of adjusted performance metrics used by the Group is included on page 230.

When applicable, these items include amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.

Adjusted operating profit, which is a non-GAAP measure, excludes the amortisation of acquired intangible assets, primarily customer relationships, as we do not believe that the amortisation charge in the income statement provides useful information about the cash costs of running our business as these assets will be supported and maintained by the ongoing marketing and promotional expenditure, which is already reflected in operating costs. Amortisation of software, however, is included in adjusted operating profit as it is similar in nature to other capital expenditure. The costs of any restructuring as part of our 5x5 differentiated strategy for growth and integration costs are excluded from adjusted operating profit where they represent fundamental changes in individual operations around the Group and where they reflect the change of our operational structure identified as part of the Group's strategy that are not expected to recur in those operations. 2020 was the last year of the fundamental restructuring activities consistent with the Group's 5x5 strategy. The impairment of goodwill and other assets that by their nature or size are not expected to recur; the profit and loss on disposals of businesses or other significant assets; and the costs associated with successful, active or aborted acquisitions are excluded from adjusted operating profit to provide useful information regarding the year-on-year performance of the Group's operations.

As adjusted results include the benefits of the items detailed above, but exclude significant costs related to those items, they should not be regarded as a complete picture of the Group's financial performance, which is presented on the face of the Income Statement under Total results. The exclusion of these items may result in Adjusted operating profit being materially higher or lower than Total operating profit. In particular, where significant impairments, restructuring charges and legal costs are excluded in any year, Adjusted operating profit will be higher than Total operating profit.

Separately Disclosed Items

The Separately Disclosed Items are described in the table below:

		2021 £m	2020 £m
Operating costs:			
Amortisation of acquisition intangibles	(a)	(29.3)	(28.1)
Acquisition and integration costs	(b)	(11.4)	(2.4)
Restructuring costs	(c)	–	(19.0)
Total operating costs		**(40.7)**	(49.5)
Net financing income	(d)	8.6	0.6
Total before income tax		**(32.1)**	(48.9)
Income tax credit on Separately Disclosed Items		11.3	18.9
Total		**(20.8)**	(30.0)

(a) Of the amortisation of acquisition intangibles in the current year, £3.1m relates to the customer relationships, trade names and technology acquired with the purchase of SAI Global Assurance ('SAI') in 2021.

(b) Acquisition and integration costs comprise £11.3m (2020: £2.0m) for transaction and integration costs in respect of successful, active and aborted acquisitions in the current year, and £0.1m in respect of prior-years' acquisitions (2020: £0.4m).

(c) During 2020 the Group implemented the final year of various fundamental restructuring activities, consistent with the Group's 5x5 strategy. These activities included site consolidations, closure of non-core business units, re-engineering of underperforming businesses and the delayering of management structures.

(d) Net financing income of £8.6m (2020: £0.6m income) relates to the release of contingent consideration due to terms not being met in relation to acquisitions from prior periods.

Notes to the financial statements Continued

4 Expenses and auditors' remuneration

An analysis of operating costs by nature is outlined below:

	2021 £m	2020 £m
Employee costs	1,242.6	1,220.4
Depreciation and software amortisation (notes 8 and 9)	169.3	174.0
Other expenses	941.2	969.1
Total	**2,353.1**	2,363.5

Certain expenses are outlined below, including fees paid to the auditors of the Group:

	2021 £m	2020 £m
Included in profit for the year are the following expenses:		
Property rentals	7.1	9.0
Lease and hire charges – fixtures, fittings and equipment	9.5	11.3
Government grants related to employee costs	(15.6)	(22.5)
Profit on disposal of property, fixtures, fittings, equipment and software	0.8	(0.2)
Auditors' remuneration:		
Audit of these financial statements	0.9	0.8
Amounts receivable by the auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	3.8	4.0
Total audit fees payable pursuant to legislation	**4.7**	4.8
Audit-related services	0.1	0.2
Total	**4.8**	5.0

5 Employees

Total employee costs are shown below:

Employee costs	2021 £m	2020 £m
Wages and salaries	1,050.9	1,031.0
Equity-settled transactions	18.6	17.7
Social security costs	119.3	118.9
Pension costs (note 16)	53.8	52.8
Total employee costs	**1,242.6**	1,220.4

Details of pension arrangements and equity-settled transactions are set out in notes 16 and 17 respectively.

Average number of employees by division	2021	2020
Products	23,378	23,849
Trade	9,970	10,466
Resources	8,315	8,395
Central	1,917	1,915
Total average number for the year ended 31 December	**43,580**	44,625
Total actual number at 31 December	**44,063**	43,769

The total remuneration of the Directors is shown below:

Directors' emoluments	2021 £m	2020 £m
Directors' remuneration	5.4	2.8
Amounts charged under the long-term incentive scheme	2.2	1.3
Total Directors' emoluments	**7.6**	4.1

6 Taxation

Accounting policy

Income tax for the year comprises current and deferred tax. Income tax is recognised in the same primary statement as the accounting transaction to which it relates.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax liability. Measurement is dependent on management's expectation of the outcome of decisions by tax authorities in the various tax jurisdictions in which the Group operates. This is assessed on a case-by-case basis using in-house tax experts, professional firms and previous experience. Where the outcome of discussions with tax authorities is different from the amount initially recorded, this difference will impact the tax expense in the period in which the determination is made.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

- recognition of consolidated goodwill;
- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries, branches, associates and interest in joint ventures, the reversal of which is under the control of the Group and where it is probable that the difference will not reverse in the foreseeable future.

Notes to the financial statements Continued

6 Taxation Continued

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the balance sheet date, for the periods when the asset is realised or the liability is settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Any additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax expense
The Group operates across many different tax jurisdictions. Income and profits are earned and taxed in the individual countries in which they occur.

The statutory tax charge, including the impact of SDIs, of £106.7m (2020: £81.3m), equates to an effective rate of 25.8% (2020: 23.6%) and the cash tax on adjusted results is 22.9% (2020: 23.3%).

The income tax expense for the adjusted profit before tax for the 12 months ended 31 December 2021 is £118.0m (2020: £100.2m). The Group's adjusted consolidated effective tax rate for the 12 months ended 31 December 2021 is 26.5% (2020: 25.5%).

Differences between the consolidated effective tax rate of 25.8% and notional statutory UK rate of 19.0% include but are not limited to: the mix of profits; the effect of tax rates in foreign jurisdictions; non-deductible expenses; the effect of movement in unrecognised deferred tax asset; movements in the provision for uncertain tax positions; withholding tax on intra-group dividends; tax exempt income; and under/over provisions in previous periods.

The Group receives tax incentives in certain jurisdictions, resulting in a lower tax charge to the income statement. These tax incentives mainly relate to China's High and New Technology Enterprise and Technology Advanced Service Enterprise incentives. Without these incentives the adjusted effective tax rate would be 29.0% (2020: 28.0%).

Tax charge
The total income tax charge, comprising the current tax charge and the movement in deferred tax, recognised in the income statement is analysed as follows:

	2021 £m	2020 £m
Current tax charge for the period	110.4	94.8
Adjustments relating to prior year liabilities	3.6	(3.7)
Current tax	**114.0**	91.1
Deferred tax movement related to current year	(2.1)	(2.4)
Deferred tax movement related to prior year	(5.2)	(7.4)
Deferred tax movement	**(7.3)**	(9.8)
Total tax in income statement	**106.7**	81.3
Tax on adjusted result	118.0	100.2
Tax on Separately Disclosed Items	(11.3)	(18.9)
Total tax in income statement	**106.7**	81.3

Reconciliation of effective tax rate
The following table provides a reconciliation of the UK statutory corporation tax rate to the effective tax rate of the Group on profit before taxation.

	2021 £m	2020 £m
Profit before taxation	413.4	343.9
Notional tax charge at UK standard rate 19.0% (2020: 19.0%)	78.5	65.3
Differences in overseas tax rates	13.2	5.4
Withholding tax on intercompany dividends	10.0	10.7
Non-deductible expenses	13.5	12.1
Tax exempt income	(7.0)	(5.7)
Change in tax rate impact	(0.1)	(0.5)
Movement in unrecognised deferred tax	1.3	4.9
Adjustments in respect of prior years[1]	(1.6)	(11.1)
Other[2]	(1.1)	0.2
Total tax in income statement	**106.7**	81.3

1. Adjustments in respect of prior years include a £1.2m charge relating to tax settlements, a deferred tax credit adjustment of £1.8m relating to an earn-out payment and a £1.0m credit in the UK relating to higher double tax relief for overseas taxes.
2. The Other category contains R&D tax credits and super deductions of £2.6m (2020: £3.2m) and a net provision charge of £0.6m (2020: £2.5m) following the review of uncertain tax provisions across multiple territories. The remainder represents other local taxes.

The main rate of UK corporation tax is 19.0% and it has been substantively enacted on 24 May 2021 that the rate will increase to 25.0% from 1 April 2023. This has a consequential effect on the Group's future tax charge and has resulted in an increase in the UK net deferred tax asset of £0.4m.

Notes to the financial statements Continued

6 Taxation Continued

Income tax recognised in other comprehensive income ('OCI')

As noted in the accounting policy, tax is recognised in the same place as the relevant accounting charge. The income tax recognised on items recorded in other comprehensive income is shown below:

	Before tax 2021 £m	Tax charge 2021 £m	Net of tax 2021 £m	Before tax 2020 £m	Tax charge 2020 £m	Net of tax 2020 £m
Foreign exchange translation differences of foreign operations	(24.7)	–	(24.7)	(53.9)	(2.8)	(56.7)
Net exchange gain/(loss) on hedges of net investments in foreign operations	4.0	–	4.0	3.7	–	3.7
Gain on fair value of cash flow hedges	–	1.7	1.7	0.3	–	0.3
Remeasurements on defined benefit pension schemes	11.5	(2.2)	9.3	0.8	0.3	1.1
Tax on other items that will never be reclassified to profit or loss	–	–	–	–	(0.6)	(0.6)
Total other comprehensive (expense)/income for the year	**(9.2)**	**(0.5)**	**(9.7)**	(49.1)	(3.1)	(52.2)

Income tax recognised directly in equity

As noted in the accounting policy, tax is recognised in the same place as the relevant accounting charge. The income tax on items recognised in equity is shown below:

	Before tax 2021 £m	Tax charge 2021 £m	Net of tax 2021 £m	Before tax 2020 £m	Tax charge 2020 £m	Net of tax 2020 £m
Equity-settled transactions	**18.6**	**(0.3)**	**18.3**	17.7	–	17.7

Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £m	Assets 2020 £m	Liabilities 2021 £m	Liabilities 2020 £m	Net 2021 £m	Net 2020 £m
Intangible assets	0.3	0.4	(90.9)	(72.5)	(90.6)	(72.1)
Property, plant and equipment	6.6	7.1	(3.4)	(3.9)	3.2	3.2
Pensions	1.2	1.8	(1.4)	–	(0.2)	1.8
Equity-settled transactions	7.7	8.3	–	–	7.7	8.3
Provisions and other temporary differences	62.9	52.0	(22.0)	(13.3)	40.9	38.7
Tax value of losses	10.9	9.0	–	–	10.9	9.0
Total	**89.6**	78.6	**(117.7)**	(89.7)	**(28.1)**	(11.1)
As shown on balance sheet:						
Deferred tax assets*					39.3	48.6
Deferred tax liabilities*					(67.4)	(59.7)
Total					**(28.1)**	(11.1)

* The deferred tax by category shown above is not netted off within companies or jurisdictions. The balance sheet shows the net position within companies or jurisdictions. The difference between the two asset and liability totals is £50.3m, but the net liability of £28.1m is the same in both cases. Deferred tax assets totalling £3.8m have been recognised in companies which incurred a loss in either the current or prior period. The deferred tax assets are recognised on the basis that these companies are projected to be profitable in future periods.

Movements in deferred tax temporary differences during the year

The movement in the year in deferred tax assets and liabilities is shown below:

	1 January 2021 £m	Exchange adjustments £m	Acquisitions[1] £m	Recognised in income statement £m	Recognised in equity and OCI £m	31 December 2021 £m
Intangible assets	(72.1)	2.1	(29.7)	9.1	–	(90.6)
Property, fixtures, fittings and equipment	3.2	0.6	0.1	(0.7)	–	3.2
Pensions	1.8	–	0.1	0.1	(2.2)	(0.2)
Equity-settled transactions	8.3	–	–	(0.1)	(0.5)	7.7
Provisions and other temporary differences	38.7	(1.6)	2.2	1.6	–	40.9
Tax value of losses	9.0	(0.2)	4.8	(2.7)	–	10.9
Total	**(11.1)**	**0.9**	**(22.5)**	**7.3**	**(2.7)**	**(28.1)**

1. Deferred tax balances arising on the acquisition of SAI and JLA and remain subject to finalisation.

Notes to the financial statements Continued

6 Taxation Continued

	1 January 2020 £m	Exchange adjustments £m	Acquisitions £m	Recognised in income statement £m	Recognised in equity and OCI £m	31 December 2020 £m
Intangible assets	(87.0)	1.8	(1.1)	14.7	(0.5)	(72.1)
Property, fixtures, fittings and equipment	3.9	(0.3)	–	(0.4)	–	3.2
Pensions	2.2	–	–	(0.2)	(0.2)	1.8
Equity-settled transactions	8.6	–	–	0.5	(0.8)	8.3
Provisions and other temporary differences	41.2	(2.1)	–	0.7	(1.1)	38.7
Tax value of losses	14.8	(0.3)	–	(5.5)	–	9.0
Total	(16.3)	(0.9)	(1.1)	9.8	(2.6)	(11.1)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the items shown below. The numbers shown are the gross temporary differences, and to calculate the potential deferred tax asset it is necessary to multiply these by the tax rates in each case:

	2021 £m	2020 £m
Intangibles	29.3	28.7
Pensions	1.5	1.5
Provisions and other temporary differences	–	0.2
Tax losses	161.9	150.7
Foreign tax credits[1]	12.0	12.0
Property, fixtures, fittings and equipment	0.5	–
Total	**205.2**	193.1

1. The total unrecognised foreign tax credits is £3.2m, the grossed-up equivalent amount of which is £12.0m as stated above.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available in certain jurisdictions against which the Group can utilise the benefits from them.

There is a temporary difference of £284.4m (2020: £276.4m) which relates to unremitted post-acquisition overseas earnings. No deferred tax is provided on this amount as the distribution of these retained earnings is under the control of the Group and there is no intention to either repatriate from, or sell, the associated subsidiaries in the foreseeable future.

7 Earnings per ordinary share

The calculation of earnings per ordinary share is based on profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

In addition to the earnings per share required by IAS 33 *Earnings Per Share*, an adjusted earnings per share has also been calculated and is based on earnings excluding the effect of amortisation of acquisition intangibles, goodwill impairment and other Separately Disclosed Items. It has been calculated to allow shareholders a better understanding of the trading performance of the Group. Details of the adjusted earnings per share are set out below:

	2021 £m	2020 £m
Profit attributable to ordinary shareholders	288.1	247.3
Separately Disclosed Items after tax (note 3)	20.8	30.0
Adjusted earnings	**308.9**	277.3
Number of shares (millions)		
Basic weighted average number of ordinary shares	161.2	161.0
Potentially dilutive share awards	0.7	1.3
Diluted weighted average number of shares	**161.9**	162.3
Basic earnings per share	**178.7p**	153.6p
Potentially dilutive share awards	(0.8)p	(1.2)p
Diluted earnings per share	**177.9p**	152.4p
Adjusted basic earnings per share	**191.6p**	172.2p
Potentially dilutive share awards	(0.8)p	(1.3)p
Adjusted diluted earnings per share	**190.8p**	170.9p

Notes to the financial statements Continued

8 Property, plant and equipment

Accounting policy
Property, plant and equipment
Owned assets
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Leased assets
All leases where the Group is the lessee (with the exception of short-term and low-value leases) are recognised in the statement of financial position. A lease liability is recognised based on the present value of the future lease payments, and a corresponding right-of-use asset is recognised. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the asset. Lease payments are apportioned between finance charges and a reduction of the lease liability.

Low-value items, usually below £4,000, and short-term leases with a term of 12 months or less are not required to be recognised on the balance sheet and payments made in relation to these leases are recognised on a straight-line basis in the income statement. The Group leases various properties, principally offices and testing laboratories, which have varying terms and renewal rights that are typical to the territory in which they are located. Non-property includes all other leases, such as cars and printers. Normally the lease term is the contractual start to end date, except when a break or extension option are reasonably certain to be taken, which are considered on a lease-by-lease basis.

Depreciation
Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Leased assets are depreciated over the shorter of the expected lease term and their useful lives. Freehold land is not depreciated.

The estimated useful lives are as follows:

Freehold buildings	50 years
Leasehold buildings	Term of lease
Fixtures, fittings, plant and equipment	3 to 10 years

Depreciation methods, residual values and the useful lives of assets are reassessed at each reporting date.

Impairment
Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the level of any impairment.

Property, plant and equipment
The property, plant and equipment employed by the business is analysed below:

	Land and buildings £m	Fixtures, fittings, plant and equipment £m	Total £m
Cost			
At 1 January 2020	544.6	1,219.7	1,764.3
Exchange adjustments	3.1	(10.2)	(7.1)
Additions	47.2	64.6	111.8
Disposals	(81.3)	(97.9)	(179.2)
Businesses acquired (note 10)	–	–	–
At 31 December 2020	513.6	1,176.2	1,689.8
Depreciation			
At 1 January 2020	283.7	836.4	1,120.1
Exchange adjustments	(2.9)	(3.8)	(6.7)
Charge for the year	61.4	95.2	156.6
Disposals	(72.8)	(93.2)	(166.0)
At 31 December 2020	269.4	834.6	1,104.0
Net book value at 31 December 2020	244.2	341.6	585.8

	Land and buildings £m	Fixtures, fittings, plant and equipment £m	Total £m
Cost			
At 1 January 2021	513.6	1,176.2	1,689.8
Exchange adjustments	(9.3)	(31.3)	(40.6)
Additions	127.1	93.7	220.8
Disposals	(58.0)	(65.9)	(123.9)
Businesses acquired (note 10)	3.8	2.3	6.1
At 31 December 2021	**577.2**	**1,175.0**	**1,752.2**
Depreciation			
At 1 January 2021	269.4	834.6	1,104.0
Exchange adjustments	(2.1)	(25.8)	(27.9)
Charge for the year	61.4	89.2	150.6
Disposals	(51.8)	(64.5)	(116.3)
At 31 December 2021	**276.9**	**833.5**	**1,110.4**
Net book value at 31 December 2021	**300.3**	**341.5**	**641.8**

Notes to the financial statements Continued

8 Property, plant and equipment Continued

The net book value of the right-of-use asset for leases comprised:

	Land and buildings £m	Other £m	Total £m
At 1 January 2021	180.1	22.2	202.3
Cost movement in year	65.0	8.0	73.0
Depreciation movement in year	(4.8)	(3.7)	(8.5)
Net book value at 31 December 2021	**240.3**	**26.5**	**266.8**

Fixtures, fittings, plant and equipment include assets in the course of construction of £27.0m at 31 December 2021 (2020: £23.0m), mainly comprising laboratories under construction. These assets will not be depreciated until they are available for use.

The net book value of land and buildings comprised:

	2021 £m	2020 £m
Freehold	57.1	62.0
Leasehold	243.2	182.2
Total	**300.3**	244.2

Contracts for capital expenditure which are not provided in the financial statements amounted to £10.3m (2020: £12.0m).

We have specifically reviewed our portfolio of freehold properties (total 2021 net book value of £57.1m) to consider whether there are indications of material impairment arising from the potential physical risks arising from climate change. We have not impaired any assets this year as a result of this exercise.

9 Goodwill and other intangible assets

Accounting policy

Goodwill

Goodwill arises on the acquisition of businesses. Goodwill represents the difference between the cost of acquisition and the Group's interest in the fair value of the identifiable assets and liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units ('CGUs') and is not amortised but is tested annually for impairment.

Acquisitions on or after 1 January 2010

From 1 January 2010, the Group has prospectively applied IFRS 3 *Business Combinations* (revised 2008). Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is obtained.

The Group measures goodwill as the fair value of the consideration transferred less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Costs relating to acquisitions are shown in note 3.

Any contingent consideration payable is recognised at fair value at the acquisition date with subsequent changes recognised in profit or loss.

If at the reporting date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. Adjustments to the fair values can be made within 12 months of the acquisition date and are taken as adjustments to goodwill.

Acquisitions between 1 January 2004 and 31 December 2009

For acquisitions between 1 January 2004 and 31 December 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

The Group has taken advantage of the exemption permitted by IFRS 1 *First-Time Adoption of International Financial Reporting Standards* and has not restated goodwill on acquisitions prior to 1 January 2004, the date of transition to IFRS. In respect of acquisitions prior to 1 January 2004, goodwill represents the amount recognised under the Group's previous accounting framework.

Other intangible assets

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If, based on management's judgement, such an asset is identified, then it is valued by discounting the probable future cash flows expected to be generated by the asset, over the estimated life of the asset. Where there is uncertainty over the amount of economic benefit and the useful life, this is factored into the calculation.

Notes to the financial statements Continued

9 Goodwill and other intangible assets Continued

Intangible assets arising on acquisitions and computer software are stated at cost less accumulated amortisation and accumulated impairment losses. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable, and which have finite useful lives.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Computer software	Up to 7 years
Customer relationships	Up to 20 years
Technology and know-how	Up to 15 years
Trade names	Up to 18 years
Licences	Contractual life
Covenants not to compete	Contractual life

Impairment

Goodwill is not subject to amortisation and is tested annually for impairment and when circumstances indicate that the carrying value may be impaired.

Other intangible assets are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried in the statement of financial position may be less than its recoverable amount.

Any impairment is recognised in the income statement within operating costs. Impairment is determined for goodwill by assessing the recoverable amount of each asset or group of assets, i.e. cash generating unit, to which the goodwill relates. A CGU represents an asset grouping at the lowest level for which there are separately identifiable cash flows.

The recoverable amount of an asset or a CGU is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The estimation process is complex due to the inherent risks and uncertainties and if different estimates were used this could materially change the projected value of the cash flows. An impairment loss in respect of goodwill is not reversed.

Intangibles

The intangibles employed by the business are analysed below:

		Other intangible assets				
Re-presented*	Goodwill £m	Customer relationships £m	Technology/ Know-how and trade names £m	Other acquisition intangibles £m	Computer software £m	Total other intangible assets £m
Cost						
At 1 January 2020	1,391.4	439.4	59.1	29.0	226.2	753.7
Exchange adjustments	(24.3)	(7.5)	(1.7)	(0.7)	(4.4)	(14.3)
Additions	0.4	–	–	–	25.5	25.5
Transfers	(4.4)	1.9	2.5	1.1	–	5.5
Disposal	(3.0)	–	–	–	(20.0)	(20.0)
Businesses acquired (note 10)	–	–	–	–	–	–
At 31 December 2020	1,360.1	433.8	59.9	29.4	227.3	750.4
Amortisation						
At 1 January 2020	531.6	296.0	9.4	23.6	122.3	451.3
Exchange adjustments	(7.4)	(4.1)	(0.4)	(0.4)	(1.2)	(6.1)
Charge for the year	–	19.8	6.4	1.9	17.4	45.5
Disposal	–	–	–	–	(20.0)	(20.0)
At 31 December 2020	524.2	311.7	15.4	25.1	118.5	470.7
Net book value at 31 December 2020	835.9	122.1	44.5	4.3	108.8	279.7

*Re-presented column order to show technology/know-how and trade names as a separate column and include licences within Other.

Notes to the financial statements Continued

9 Goodwill and other intangible assets Continued

		Other intangible assets				
	Goodwill £m	Customer relationships £m	Technology/ Know-how and trade names £m	Other acquisition intangibles £m	Computer software £m	Total other intangible assets £m
Cost						
At 1 January 2021	1,360.1	433.8	59.9	29.4	227.3	750.4
Exchange adjustments	(9.5)	(2.5)	(0.1)	(0.4)	(0.9)	(3.9)
Additions	–	–	–	–	19.4	19.4
Disposal	–	–	–	–	(5.8)	(5.8)
Businesses acquired (note 10)	413.3	65.0	37.6	0.2	5.7	108.5
At 31 December 2021	**1,763.9**	**496.3**	**97.4**	**29.2**	**245.7**	**868.6**
Amortisation						
At 1 January 2021	524.2	311.7	15.4	25.1	118.5	470.7
Exchange adjustments	(1.7)	(1.7)	0.2	(0.5)	(0.8)	(2.8)
Charge for the year	–	17.7	10.3	1.3	18.7	48.0
Disposal	–	–	–	–	(5.8)	(5.8)
At 31 December 2021	**522.5**	**327.7**	**25.9**	**25.9**	**130.6**	**510.1**
Net book value at 31 December 2021	**1,241.4**	**168.6**	**71.5**	**3.3**	**115.1**	**358.5**

Other intangible assets

Computer software additions of £19.4m (2020: £25.5m) relates to separately acquired computer software of £7.8m (2020: £13.7m) and internally developed intangible assets of £11.6m (2020: £11.8m).

The Other acquisition intangibles net book value of £3.3m (2020: £4.3m) consist of guaranteed income, order backlog, licences and covenants not to compete.

The average remaining amortisation period for customer relationships is eight years (2020: nine years).

Computer software net book value of £115.1m at 31 December 2021 (2020: £108.8m) includes software in construction of £59.3m (2020: £58.2m). Research and development expenditure of £27.1m (2020: £28.0m) was recognised as an expense in the year.

Goodwill

Goodwill arising from acquisitions in the current and prior year has been allocated to reportable segments as follows:

	2021 £m	2020 £m
Products	412.9	–
Trade	0.4	–
Resources	–	–
At 31 December	**413.3**	–

The total carrying amount of goodwill by CGU is as follows, which is also used for the assessment of the Group's impairment review.

	2021 pre-tax discount rate	2021 £m	2020 £m
Industry Services	10.4%	14.4	14.5
Business Assurance	8.5%	663.3	274.4
Food & AgriWorld	8.5%	39.0	17.1
Caleb Brett	8.8%	53.7	55.2
Government & Trade Services	8.6%	0.8	0.8
Minerals	10.1%	37.0	38.7
Softlines	8.4%	6.1	6.2
Hardlines	8.3%	7.8	8.1
Electrical & Connected World	8.4%	85.7	86.1
Transportation Technologies	8.5%	42.4	42.9
Building & Construction	8.6%	212.2	212.0
Chemicals & Pharma	8.1%	79.0	79.9
Net book value at 31 December*		**1,241.4**	835.9

* All goodwill is recorded in local currency. Additions during the year are converted at the exchange rate on the date of the transaction and the goodwill at the end of the year is stated at closing exchange rates.

Impairment review

In order to determine whether impairments are required, the Group estimates the recoverable amount of each CGU. The calculation is based on projecting future cash flows over a five-year period and using a terminal value to incorporate expectations of growth thereafter. The long-term growth rate is used in the perpetuity calculations. A discount factor is applied to obtain a value in use which is the recoverable amount. Goodwill arising in year from acquisitions is assessed for impairment separately from the above CGUs and on an acquisition-by-acquisition basis. There were no impairment triggers for SAI Global from the date of acquisition to the 31 December 2021. There would be no impact on the impairment review through the inclusion of SAI Global within the CGU review. No impairments were required on goodwill arising in 2021 (2020: No impairments).

Notes to the financial statements Continued

9 Goodwill and other intangible assets Continued

The calculation of the value in use includes assessment of long-term growth rates and discount rates. Long-term growth rates predict growth beyond the Group's planning cycle, and range from 1.7% to 2.6% (2020: 1.8% to 2.6%). The discount rate for each CGU is based on the Group's weighted average cost of capital adjusted for the risks specific to the CGU. Pre-tax discount rates ranged from 8.1% to 10.4% (2020: 7.7% to 12.3%).

Key assumptions

The key assumptions include the rate of revenue and profit growth within each of the territories and business lines in which the Group operates. These are based on the Group's approved budget and five-year strategic plan. Finally, the discount rate used to bring the cash flow back to a present value varies depending on the location of the operation and the nature of the operations. The estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Sensitivity analysis

None of the reasonable downside sensitivity scenarios on key assumptions would cause the carrying amount of each CGU to exceed its recoverable amount. The sensitivities modelled by management include:

(i) Assuming revenues decline each year by 1% in 2022 to 2026 from the 2022 budgeted revenues, with margins increasing with base assumptions.
(ii) Assuming zero growth in operating profit margins in 2022 to 2026 with revenues increasing per base assumptions.
(iii) Assuming an increase in the discount rates used by 1%.

Management considers that the likelihood of any or all of the above scenarios occurring is low.

In preparing our forecasts, including the rate of revenue and profit growth, we have also considered the potential impact of climate change, and to reflect a severe impact of climate change transition risk through the modelling across all CGUs, we have modelled an additional sensitivity of discounted cash flows with a limited 25-year life, excluding any terminal value. In this scenario, which we also consider to be a low probability, there is no impairment.

10 Acquisitions

Acquisitions in 2021

On 7 September 2021 the Group acquired 100% of SAI Global Assurance ('SAI'), a leading provider of assurance services based predominantly in Australia, for a purchase price of AU$868.9m (£450.1m net of cash acquired) generating goodwill of £388.4m. The Assurance division provides audit, inspection and certification services and is similar to our existing Business Assurance line. The Standards division aggregates and distributes standards via its online platform. The acquisition of SAI is in line with our 5x5 strategy, which aims to further strengthen our Total Quality Assurance value proposition and expand our presence in attractive markets with long-term growth opportunities. SAI will strengthen Intertek's assurance offering by providing enhanced scale, as well as complementary geographic coverage – SAI are a market leader in Australia, have scale presence in the US, Canada, and UK, and have a fast-growing business in China – as well as new assurance capabilities in a number of high-growth, safety-critical segments including food safety and QSR.

On 1 July 2021 the Group acquired the trade and assets of Apras Sicea France ('ASF'), a specialist in inspection and testing of petroleum, petrochemical and related products, for a purchase price of EUR0.6m (£0.5m net of cash acquired) generating goodwill of £0.4m.

On 19 July 2021 the Group acquired 100% of JLA Brasil Laboratório de Análises de Alimentos S.A. ('JLA'), a market-leading independent provider of Food, Agri and Environmental testing solutions, for a purchase price of BRL218.3m (£30.4m net of cash acquired) generating goodwill of £24.5m.

Provisional details of the net assets acquired and fair value adjustments are set out in the following tables. These analyses are provisional and amendments may be made to these figures in the 12 months following the date of acquisition.

SAI Global Standards and Assurance Total	2021 Provisional fair value to Group on acquisition £m
Property, plant and equipment	3.7
Goodwill	388.4
Other intangible assets	99.6
Trade and other receivables	54.6
Trade and other payables	(74.9)
Provisions for liabilities and charges	(0.1)
Deferred tax liabilities	(19.5)
Minority Interest acquired	(1.7)
Net assets acquired	**450.1**

Others Total	2021 Provisional fair value to Group on acquisition £m
Property, plant and equipment	2.4
Goodwill	24.9
Other intangible assets	8.9
Inventories	0.1
Trade and other receivables	0.7
Trade and other payables	(3.1)
Deferred tax liabilities	(3.0)
Net assets acquired	**30.9**

Notes to the financial statements Continued

10 Acquisitions Continued

Goodwill and intangible assets
The total goodwill arising on acquisitions made during 2021 was £413.3m, of which £24.5m is expected to be deductible for tax purposes. The goodwill arising represents the value of the assembled workforce and the benefits the Group expects to gain from increasing its presence in the relevant sectors in which the acquired businesses operate. The intangible assets of £108.5m primarily represent the value of customer relationships, trade names and technology. The final values will be calculated within 12 months following the date of acquisition. The deferred tax thereon was £22.5m.

Consideration paid
The total cash consideration for the acquisitions in the year was £496.7m (2020: £nil), with further contingent consideration payable of £0.1m (2020: £nil) which is recognised in note 13. Cash consideration includes cash acquired of £15.8m. The estimated purchase price net of cash was £480.9m.

Contribution of acquisitions to revenue and profits
In total, acquisitions made during 2021 contributed revenues of £44.2m and a statutory net profit after tax of £2.4m from the date of acquisition to 31 December 2021. The Group revenue and statutory profit after tax for the year ended 31 December 2021 would have been £2,872.5m and £311.3m respectively if the acquisitions were assumed to have been made on 1 January 2021.

Acquisitions in 2020
There were no acquisitions completed in 2020.

11 Trade and other receivables

Accounting policy
Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). Estimates are used in determining the level of receivables that will not, in the opinion of the Directors, be collected. The Group applies the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all receivables, including contract assets. The provision calculations are based on historic credit losses and forward-looking data, namely specific country-risk classifications with higher default rates applied to older balances. This approach is followed for all receivables unless there are specific circumstances, such as the bankruptcy of a customer or emerging market risks, which would render the receivable irrecoverable and therefore require a specific provision. A provision is made against trade receivables and contract assets until such time as the Group believes the amount to be irrecoverable, after which the trade receivable or contract assets balance is written off.

Trade and other receivables
Trade and other receivables are analysed below:

	2021 £m	2020 £m
Trade receivables	450.5	428.9
Contract assets	108.5	99.8
Other receivables	57.9	53.7
Prepayments	45.0	38.8
Total trade and other receivables	**661.9**	621.2

Trade receivables and contract assets are shown net of allowance for impairment losses of £13.8m (2020: £18.9m) and £1.6m (2020: £5.3m) respectively. Net impairment on trade receivables and contract assets charged as part of operating costs was £4.5m (2020: £1.7m) and £nil (2020: £1.7m) respectively.

There is no material difference between the above amounts for trade and other receivables and their fair value, due to their short-term duration. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers who are internationally dispersed.

The ageing of trade receivables and contract assets at the reporting date was as follows:

	2021 £m	2020 £m
Under 3 months	457.6	428.3
Between 3 and 6 months	46.6	51.3
Between 6 and 12 months	20.8	19.0
Over 12 months	49.4	54.3
Gross trade receivables and contract assets	**574.4**	552.9
Allowance for impairment	(15.4)	(24.2)
Trade receivables and contract assets, net of allowance	**559.0**	528.7

Included in trade receivables under three months of £384.6m (2020: £360.6m) are trade receivables of £340.7m (2020: £315.4m) that are not yet due for payment.

11 Trade and other receivables Continued

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

Impairment allowance for doubtful trade receivables and contract assets	2021 £m	2020 £m
At 1 January	24.2	26.5
Exchange differences	(0.6)	(1.4)
Acquisitions	2.1	–
Net impairment (gain)/loss recognised	(4.5)	3.3
Receivables written off	(5.8)	(4.2)
At 31 December	**15.4**	24.2

Sensitivity analysis

Trade receivables and contract assets are assessed for impairment using a calculated credit loss assumption. A 0.25% variance in the assumed credit risk factor would impact impairment by £1.9m. There were no material individual impairments of trade receivables or contract assets.

12 Trade and other payables

Accounting policy

Trade payables

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of trade payables is considered approximate to fair value.

Trade and other payables

Trade and other payables are analysed below:

	Current 2021 £m	Current 2020 £m	Non-current 2021 £m	Non-current 2020 £m
Trade payables	153.4	142.0	0.9	0.8
Other payables	83.4	82.9	15.5	17.5
Accruals	296.2	248.1	9.4	5.2
Contract liabilities	134.8	103.2	6.1	2.6
Total trade and other payables	**667.8**	576.2	**31.9**	26.1

The Group's exposure to liquidity risk related to trade payables is disclosed in note 14. £80.5m of contract liabilities at the end of 2020 was recognised in revenue in 2021 (2020: £61.0m).

Other payables include revenue taxes, interest payable and retirement liabilities.

Contract liabilities consist of consideration received in advance of the Group transferring the related good or service to the client.

In one part of the Group an arrangement is available that allows payment terms to suppliers to be extended by up to 60 days. At 31 December 2021, this arrangement was applicable to trade payables totalling £2.8m (2020: £2.5m).

Notes to the financial statements Continued

13 Provisions

Accounting policy
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation that can be estimated reliably as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions

	Contingent consideration £m	Claims £m	Other £m	Total £m
At 1 January 2021	19.7	3.0	13.5	36.2
Exchange adjustments	(0.3)	(0.2)	–	(0.5)
Provided in the year:	–	5.1	3.8	8.9
in respect of current year acquisitions	0.3	–	–	0.3
in respect of prior year acquisitions	–	–	–	–
Released during the year	(8.5)	(0.8)	(0.1)	(9.4)
Utilised during the year	(10.9)	(3.4)	(7.6)	(21.9)
Businesses acquired (note 10)	–	–	0.1	0.1
At 31 December 2021	**0.3**	**3.7**	**9.7**	**13.7**
Included in:				
Current liabilities	0.1	3.7	9.4	13.2
Non-current liabilities	0.2	–	0.3	0.5
At 31 December 2021	**0.3**	**3.7**	**9.7**	**13.7**

The maximum contingent consideration, on a discounted basis, that could be paid in relation to acquisitions is £21.1m. Further detail on the timing of the cash flow can be found in note 10. The contingent consideration is a financial liability held at fair value through profit and loss with the measurement basis disclosed in note 14.

The Group is involved in various claims and lawsuits incidental to the ordinary course of its business. The outcome of such litigation and the timing of any potential liability cannot be readily foreseen, as it is often subject to legal proceedings. Based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is unlikely to have a materially adverse effect on the financial position of the Group in the foreseeable future.

The provision for claims of £3.7m (2020: £3.0m) represents an estimate of the amounts payable in connection with identified claims from customers, former employees and other plaintiffs and associated legal costs. The timing of the cash outflow relating to the provisions is uncertain but is likely to be within one year. Details of contingent liabilities in respect of claims are set out in note 22.

The other provision of £9.7m (2020: £13.5m) includes integration provisions. The timing of the cash outflow is uncertain, but is likely to be within one year.

14 Borrowings and financial instruments

Accounting policy
Net financing costs
Net financing costs comprise interest expense on borrowings; interest expense on tax balances; facility fees; interest receivable on funds invested; interest income and expense relating to pension assets and liabilities and lease interest expense under IFRS16; net foreign exchange gains or losses on financial assets or liabilities; unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration; and gains and losses on hedging instruments that are recognised in the income statement. Interest income and interest expense are recognised as they accrue using the effective interest rate method. As permitted by IAS 7, interest paid is classified within operating cash flows and interest received is classified within investing cash flows.

In 2021 the Group changed its accounting policy to include finance expenses on tax balances within interest expense. The impact of this change on the opening Balance Sheet and the prior year income statement is not material and no restatement has been made. The impact on net finance costs for the year ending 31 December 2021 is an increased expense of £4.2m with a corresponding increase in tax liabilities.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently at amortised cost less impairment losses (including bad debt provision).

Cash and cash equivalents and net debt
Cash and cash equivalents: Cash and cash equivalents on the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days which are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts. Net financial debt comprises borrowings less cash and cash equivalents and total net debt is net financial debt plus the IFRS 16 lease liability.

Non-derivative financial liabilities
Trade and other payables are recognised initially at fair value and subsequently at their amortised cost.

Interest-bearing borrowings are initially recognised at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Put options held by non-controlling interests that arise on acquisition are recognised initially at the present value of the redemption amount. They are subsequently measured at amortised cost using the effective interest method. The discount is unwound through SDIs as a finance charge.

Derivative financial instruments
The Group uses derivative financial instruments, including cross currency interest rate swaps and foreign currency forwards, to hedge economically its exposure to foreign exchange and interest rate risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised initially and subsequently at fair value; attributable transaction costs are recognised in profit or loss when incurred. The gain or loss on remeasurement to fair value at each period end is recognised immediately in the income statement except where derivatives qualify for hedge accounting.

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

The fair value of cross currency interest rate swaps is estimated using the present value of the estimated future cash flows based on observable yield curves.

The fair value of foreign currency forwards is estimated using present value of future cash flows based on the forward exchange rates at the balance sheet date.

Hedging

Hedge of monetary assets and liabilities
Where a derivative financial instrument is used economically to hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement in the same caption as the foreign exchange on the related item.

Hedge of net investment in foreign operations
The Group is exposed to foreign exchange risk exposure arising from its net investment in foreign currency operations and net assets. To the extent that we have debt, we hold it in currencies that hedge the foreign exchange risks from our net investments.

The portion of the gain or loss on an instrument designated as a hedge of a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity in the translation reserve. The value in relation to the hedge instrument that is held within the cumulative foreign currency translation reserve is recycled through the income statement when the hedged subsidiary is disposed of. If the instrument is no longer deemed effective, then future movements in fair value are posted to the income statement.

Cash flow hedges
Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk and foreign exchange risk to which the cash flows of certain assets and liabilities are exposed. The Group is exposed to the variability in cash flows arising from the foreign exchange risk exposures.

The effective portion of changes in the fair value of a derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income. The value in relation to the hedge instrument that is held within the cumulative cash flow hedge reserve (disclosed within other reserves) is recycled through the income statement when the hedged item impacts the income statement. If the instrument is no longer deemed effective, then future movements in fair value are posted to the income statement.

Interest Rate Benchmark Reform
LIBOR was discontinued as a published benchmark rate for some currencies as of 1 January 2022. The Group has reviewed and renegotiated significant borrowing and commercial contracts to replace LIBOR references with alternative benchmark rates, as needed. USD LIBOR will remain a reference rate for contracts that have a final fixing date in advance of USD LIBOR cessation on the 30th of June 2023.

Impairment
A financial asset is assessed for impairment at each reporting date by application of an expected loss model in line with IFRS 9 requirements.

Net financing costs
Net financing costs are shown below:

Recognised in income statement	2021 £m	2020 £m
Finance income		
Interest on bank balances	1.5	1.1
Total finance income	**1.5**	1.1
Finance expense		
Interest on borrowings	(17.7)	(20.6)
Net pension interest cost (note 16)	(0.1)	(0.2)
Foreign exchange differences on revaluation of net monetary assets and liabilities	2.3	(5.6)
Leases – IFRS 16	(9.0)	(8.3)
Facility fees and other*	3.2	(0.7)
Total finance expense*	**(21.3)**	(35.4)
Net financing costs*	**(19.8)**	(34.3)

* Includes £8.6m income (2020: £0.6m income) relating to SDIs.

Analysis of net debt

	2021 £m	2020 £m
Cash and cash equivalents per the statement of financial position	265.9	203.9
Overdrafts	(1.9)	(20.5)
Cash per the statement of cash flows	**264.0**	183.4

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

The components of net debt are outlined below:

	1 January 2021 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2021 £m
Cash	**183.4**	**86.6**	**-**	**(6.0)**	**264.0**
Borrowings:					
Revolving credit facility US$850m 2027	(135.5)	61.5	–	8.1	(65.9)
Senior notes US$15m 2021	(11.1)	10.9	–	0.2	–
Senior notes US$140m 2022	(103.7)	–	–	(0.1)	(103.8)
Acquisition facility 'B' AU$264.1m 2022	–	(142.0)	–	0.1	(141.9)
Acquisition facility 'B' US$290.7m 2022	–	(210.9)	–	(4.6)	(215.5)
Senior notes US$160m 2023	(118.5)	–	–	(0.1)	(118.6)
Acquisition facility 'A' AU$88.0m 2023	–	(47.3)	–	–	(47.3)
Acquisition facility 'A' US$96.9m 2023	–	(70.3)	–	(1.7)	(72.0)
Senior notes US$125m 2024	(92.6)	–	–	(0.1)	(92.7)
Senior notes US$120m 2025	(88.8)	–	–	–	(88.8)
Senior notes US$75m 2026	(55.5)	–	–	–	(55.5)
Other*	2.4	(0.8)	3.1	–	4.7
Total borrowings	**(603.3)**	**(398.9)**	**3.1**	**1.8**	**(997.3)**
Total net financial debt	**(419.9)**	**(312.3)**	**3.1**	**(4.2)**	**(733.3)**
Lease liabilities (note 1)	(224.2)	70.4	(142.4)	3.9	(292.3)
Total net debt	**(644.1)**	**(241.9)**	**(139.3)**	**(0.3)**	**(1,025.6)**

* Includes other uncommitted borrowings of £0.8m and facility fees of £5.5m (2020: £2.4m).

	1 January 2020 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2020 £m
Cash	213.0	(21.7)	–	(7.9)	183.4
Borrowings:					
Revolving credit facility US$800m 2021	(285.5)	285.5	–	–	–
Revolving credit facility US$850m 2025	–	(130.3)	–	(5.2)	(135.5)
Senior notes US$150m 2020	(114.7)	111.4	–	3.3	–
Senior notes US$15m 2021	(11.5)	–	–	0.4	(11.1)
Senior notes US$140m 2022	(107.0)	–	–	3.3	(103.7)
Senior notes US$160m 2023	(30.6)	(89.8)	–	1.9	(118.5)
Senior notes US$125m 2024	(95.6)	–	–	3.0	(92.6)
Senior notes US$120m 2025	(30.6)	(59.8)	–	1.6	(88.8)
Senior notes US$75m 2026	(57.4)	–	–	1.9	(55.5)
Other*	(109.5)	110.2	2.2	(0.5)	2.4
Total borrowings	(842.4)	227.2	2.2	9.7	(603.3)
Total net financial debt	(629.4)	205.5	2.2	1.8	(419.9)
Lease liabilities (note 1)	(246.0)	72.0	(50.9)	0.7	(224.2)
Total net debt	(875.4)	277.5	(48.7)	2.5	(644.1)

* Includes other uncommitted borrowings of £nil and facility fees of £2.4m (2019: £0.7m).

Borrowings

Borrowings are split into current and non-current as outlined below:

	Current 2021 £m	Current 2020 £m	Non-current 2021 £m	Non-current 2020 £m
Senior term loans and notes	461.2	11.1	540.8	594.6
Other borrowings	(1.1)	(0.6)	(3.6)	(1.8)
Total borrowings	**460.1**	10.5	**537.2**	592.8

Analysis of debt	2021 £m	2020 £m
Debt falling due:		
In one year or less	460.1	10.5
Between one and two years	236.4	103.0
Between two and five years	235.3	434.3
Over five years	65.5	55.5
Total borrowings	**997.3**	603.3

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

Description of borrowings
Total undrawn committed borrowing facilities as at 31 December 2021 were £564.2m (2020: £494.0m).

US$850m revolving credit facility
The Group has a US$850m multi-currency revolving credit facility, which is the Group's principal facility and in December 2021 was extended from 2026 to 2027. The impact of this was a transfer of £65.9m from borrowings due to be repaid between two and five years to borrowings due to be repaid over five years. Advances under the facility bear interest at a rate equal to a risk-free rate, or their local currency equivalent, plus a margin, depending on the Group's financial leverage. Drawings under this facility at 31 December 2021 were £65.9m (2020: £135.5m).

US$692m Acquisition Facility
In May 2021 the Group agreed a US$692m multi-currency acquisition facility to finance the acquisition of SAI Global with £357.4m to be repaid in March 2022 and the balance of £119.3m repayable in 2023. Advances under the facility bear interest at a rate equal to USD LIBOR or AUD BBSW, plus a margin. Drawings under this facility at 31 December 2021 were £476.7m (2020: Nil).

Private placement bonds
In December 2010 the Group issued US$150m of senior notes repaid on 15 December 2020 at a fixed annual interest rate of 3.91%.

In October 2011 the Group issued US$140m of senior notes repaid on 18 January 2022 at a fixed annual interest rate of 3.75% and US$105m repayable on 18 January 2024 at a fixed annual interest rate of 3.85%.

In February 2013 the Group issued US$80m of senior notes. These notes were issued in two tranches with US$40m repayable on 14 February 2023 at a fixed annual interest rate of 3.10% and US$40m repayable on 14 February 2025 at a fixed annual interest rate of 3.25%.

In July 2014 the Group issued US$110m of senior notes. These notes were issued in four tranches with US$15m repaid on 31 July 2021 at a fixed annual interest rate of 3.37%, US$20m repayable on 31 July 2024 at a fixed annual interest rate of 3.86%, US$60m repayable on 31 October 2026 at a fixed annual interest rate of 4.05% and US$15m repayable on 31 December 2026 at a fixed annual interest rate of 4.10%.

In December 2020 the Group issued US$200m of senior notes. These notes were issued in two tranches with US$120m repayable on 2 December 2023 at a fixed annual interest rate of 1.97% and US$80m repayable on 2 December 2025 at a fixed annual interest rate of 2.08%.

In December 2021 the Group issued US$640m of senior notes that will be drawn during 2022. The note was issued in four tranches with US$150m repayable on 13 January 2027 at a fixed annual interest rate of 2.24%, US$165m repayable on 15 March 2028 at a fixed annual interest rate of 2.33%, US$165m repayable on 15 March 2029 at a fixed annual interest rate of 2.47% and US$160m repayable on 15 March 2030 at a fixed annual interest rate of 2.54%.

Lease liabilities
Undiscounted lease liabilities are split into current and non-current as outlined below:

	2021 £m	2020 £m
Analysis of lease liabilities falling due:		
Current:		
Repayable in less than 1 year	71.8	68.3
Non-current:		
Repayable in 1–2 years	56.6	49.7
Repayable in 2–5 years	98.2	80.6
Repayable in more than 5 years	150.5	93.5
Total lease liabilities	**377.1**	292.1

Financial risks
Details of the Group's treasury controls, exposures and the policies and processes for managing capital and credit, liquidity, interest rate and currency risk are set out below, and in the Strategic Report – Financial Review that starts on page 30.

Credit risk
Exposure to credit risk
Credit risks arise mainly from the possibility that customers may not be able to settle their obligations as agreed. The Group monitors the creditworthiness of customers on an ongoing basis. The Group's credit risk is diversified due to the large number of entities, industries and regions that make up the Group's customer base.

The carrying amount of financial assets represents the maximum credit exposure. At the reporting date this was as follows:

	2021 £m	2020 £m
Trade receivables, net of allowance (note 11)	450.5	428.9
Cash and cash equivalents	264.0	183.4
Total	**714.5**	612.3

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	2021 £m	2020 £m
Asia Pacific	130.2	120.4
Americas	175.9	169.9
Europe, Middle East and Africa	144.4	138.6
Total	**450.5**	428.9

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

Counterparty risk
Cash and cash equivalents and available borrowing facilities are at risk in the event that the counterparty is not able to meet its obligations in regards to the cash held or facilities available to the Group. The Group also enters into transactions with counterparties in relation to derivative financial instruments. If the counterparty was not able to meet its obligations, the Group may be exposed to additional foreign currency or interest rate risk. Counterparty credit risk inherent in all hedge relationships is monitored throughout the period of the hedge but this risk is not expected to be significant.

The Group, wherever possible, enters into arrangements with counterparties who have a robust credit standing, which the Group defines as a financial institution with a credit rating of at least investment grade. The Group has existing relationships with a number of banks that meet this criterion, and seeks to use their services wherever possible while avoiding excessive concentration of credit risk. Given the diverse geographic nature of the Group's activities, it is not always possible to use a relationship bank. Therefore the Group has set limits on the level of deposits to be held at non-relationship banks to minimise the risk to the Group. It is also Group policy to remit any excess funds from local entities back to Intertek Group Treasury in the UK. Given the controls in place and based on a current assessment of our banking relationships, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its obligations as and when they fall due. The Group's policy is to:
- ensure sufficient liquidity is available to Group companies in the amounts, currencies and locations required to support the Group's operations; and
- ensure the Group has adequate available sources of funding to protect against unforeseen internal and external events.

To ensure this policy is met, the Group monitors cash balances daily, projects cash requirements on a rolling basis and funds itself using debt instruments with a range of maturities.

The following are the undiscounted contractual cash flows of financial liabilities/(assets) including interest (for floating rate instruments, interest payments are based on the interest rate at 31 December):

2021	Carrying amount £m	Contractual cash flows £m	Six months or less £m	6–12 months £m	1–2 years £m	2–5 years £m	More than five years £m
Non-derivative financial liabilities/(assets)							
Senior term loans and notes	1,002.0	1,035.3	112.5	366.2	243.5	247.4	65.7
Other loans	(4.7)	0.8	–	0.8	–	–	–
Trade payables (note 12)	154.3	154.3	149.5	3.9	0.7	0.2	–
Lease liabilities	292.3	377.1	37.6	34.2	56.6	98.2	150.5
Contingent consideration (note 13)	0.3	0.3	–	0.1	–	0.2	–
	1,444.2	1,567.8	299.6	405.2	300.8	346.0	216.2
Derivative financial liabilities/(assets)							
Foreign currency forwards							
Outflow	–	928.3	928.3	–	–	–	–
Inflow	(0.8)	(929.1)	(929.1)	–	–	–	–
Cross currency interest rate swaps							
Outflow	–	–	–	–	–	–	–
Inflow	–	–	–	–	–	–	–
	(0.8)	(0.8)	(0.8)	–	–	–	–
Total	**1,443.4**	**1,567.0**	**298.8**	**405.2**	**300.8**	**346.0**	**216.2**

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

2020	Carrying amount £m	Contractual cash flows £m	Six months or less £m	6–12 months £m	1–2 years £m	2–5 years £m	More than five years £m
Non-derivative financial liabilities/(assets)							
Senior term loans and notes	605.7	654.1	7.8	19.1	115.3	454.6	57.3
Other loans	(2.4)	0.1	–	0.1	–	–	–
Trade payables (note 12)	142.8	142.8	138.2	3.8	0.7	0.1	–
Lease liabilities	224.2	292.1	36.3	32.0	49.7	80.6	93.5
Contingent consideration (note 13)	19.7	20.9	12.5	–	–	8.4	–
	990.0	1,110.0	194.8	55.0	165.7	543.7	150.8
Derivative financial liabilities/(assets)							
Foreign currency forwards							
Outflow	–	538.8	538.8	–	–	–	–
Inflow	(0.9)	(539.7)	(539.7)	–	–	–	–
Cross currency interest rate swaps							
Outflow	–	–	–	–	–	–	–
Inflow	–	–	–	–	–	–	–
	(0.9)	(0.9)	(0.9)	–	–	–	–
Total	989.1	1,109.1	193.9	55.0	165.7	543.7	150.8

Interest rate risk

The Group's objective is to manage the risk to the business from movements in interest rates, and to provide stability and predictability of the near-term (12-month horizon) interest expense. Under the Group's treasury policy, management may fix the interest rates on up to 80% of the Group's debt portfolio for the period of the current financial year. The Group's debt portfolio beyond this period is to be managed within the range of a 20%–60% fixed-to-floating rate ratio. To achieve this, the Group uses bank debt facilities, US private placements and derivative products.

Sensitivity

At 31 December 2021, it is estimated that the impact on variable rate net debt of a general increase of 3% in interest rates would be a decrease in the Group's profit before tax of approximately £9.6m (2020: £10.6m). This analysis assumes all other variables remain constant.

Foreign currency risk

The Group's objective in managing foreign currency risk is to safeguard the Group's financial assets from economic loss due to fluctuations in foreign currencies, and to protect margins on cross currency contracts and operations. To achieve this, the Group's policy is to hedge its foreign currency exposures where appropriate.

The net assets of foreign subsidiaries represent a significant portion of the Group's shareholders' funds and a substantial percentage of the Group's revenue and operating costs are incurred in currencies other than sterling. Due to the high proportion of international activity, the Group's profit is exposed to exchange rate fluctuations. Two types of risk arise as a result: (i) translation risk, that is, the risk of adverse currency fluctuations in the translation of foreign currency operations and foreign assets and liabilities into sterling; and (ii) transaction risk, that is, the risk that currency fluctuations will have a negative effect on the value of the Group's commercial cash flows in various currencies.

The foreign currency profiles of cash, trade receivables and payables subject to translation risk and transaction risk, at the reporting date, were as follows:

2021	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Other currencies £m
Cash	**264.0**	10.7	79.3	54.9	(0.8)	119.9
Trade receivables (note 11)	**450.5**	34.4	209.5	40.1	6.9	159.6
Trade payables (note 12)	**154.3**	15.9	55.4	16.7	2.0	64.3

2020	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Other currencies £m
Cash	183.4	2.6	44.1	49.1	(1.3)	88.9
Trade receivables (note 11)	428.9	23.9	208.2	35.6	6.9	154.3
Trade payables (note 12)	142.8	13.4	56.8	14.1	1.9	56.6

Recognised assets and liabilities

Changes in the fair value of foreign currency forwards that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the income statement.

Cash flow hedge

The Group has AU$264.1m drawn against the US$692m Acquisition Facility, which will be repaid during March 2022.

A proportion of the Australian dollar debt was hedged using a 264m AUD/GBP currency forward contract, that will mature in March 2022, to eliminate changes in the cash flows of the Australian dollar principal repayment related to changes in foreign exchange rates.

In 2021 a £1.8m loss relating to the Australian dollar hedge was allocated to the cash flow hedge reserve.

Hedge of net investment in foreign operations

The Group's foreign currency denominated loans are designated as a hedge to protect the same amount of net investment in the Group's foreign currency operations and net assets, against adverse changes in exchange rates. The nominal amount of these loans as at 31 December 2021 was £845.1m (2020: £605.7m).

189.6m USD/GBP foreign currency forwards were designated as a hedge to protect the same amount of net investment in the Group's USD operations and net assets, against adverse changes in exchange rates..

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

A foreign exchange gain of £4.0m (2020: £3.7m foreign exchange gain) was recognised in the translation reserve in equity, reflecting the translation of the Group's foreign currency denominated loans to sterling and the impact of changes in fair value of the foreign currency forwards. The Group has the following hedging instruments:

2021	Nominal amounts in local currency	Carrying value £m	Other comprehensive income: 1 January 2021 £m	Fair value gain/(loss) deferred to OCI £m	FX (gain)/ loss recycled to the income statement £m	Hedges closed in year £m	31 December 2021 £m
Cash flow hedges - foreign exchange and interest rate risk							
Foreign currency forward – continuing	AU$264m	(1.8)	–	(1.8)	1.8	–	-
Hedges of net investment in a foreign operation - foreign exchange risk							
Foreign currency forward – continuing	US$189.6m	3.0	–	3.0	–	–	3.0
Cross currency interest rate swaps – discontinued	–	–	(19.0)	–	–	–	(19.0)
Foreign currency borrowings – continuing	£845.1m	845.1	(50.4)	1.0	–	2.9	(46.5)
Foreign currency borrowings – discontinued	–	–	(173.2)	–	–	(2.9)	(176.1)
		846.3	(242.6)	2.2	1.8	–	(238.6)

The Group has entered into AU$264m of foreign currency forwards which pay USD and receive AUD; maturing in March 2022. The foreign currency forwards are bifurcated into two relationships: 1) A cash flow hedge of AU$264m versus GBP foreign currency risk in AUD denominated borrowings; and 2) A net investment hedge of USD versus GBP foreign currency risk in USD denominated net assets of the Group.

The weighted average exchange rates of the forwards are GBP/USD 1.3209 and GBP/AUD 1.8388

2020	Nominal amounts in local currency	Carrying value £m	Other comprehensive income: 1 January 2020 £m	Fair value gain/(loss) deferred to OCI £m	FX (gain)/ loss recycled to the income statement £m	Hedges closed in year £m	31 December 2020 £m
Cash flow hedges - foreign exchange and interest rate risk							
Cross currency interest rate swaps – discontinued	–	–	(0.3)	(0.9)	1.2	–	–
Hedges of net investment in a foreign operation - foreign exchange risk							
Cross currency interest rate swaps – continuing	–	–	(13.8)	(5.2)	–	19.0	–
Cross currency interest rate swaps – discontinued	–	–	–	–	–	(19.0)	(19.0)
Foreign currency borrowings – continuing	£605.7m	605.7	(110.7)	8.9	–	51.4	(50.4)
Foreign currency borrowings – discontinued	–	–	(121.8)	–	–	(51.4)	(173.2)
		605.7	(246.6)	2.8	1.2	–	(242.6)

The foreign currency forwards are disclosed within other receivables in the statement of financial position.

The critical terms of the forward contracts and their corresponding hedged items are matched and the Group expects highly effective hedging relationships. Net ineffectiveness on the cash flow and net investment hedges recognised in the income statement was nil.

Hedge ineffectiveness may occur due to:
a) the fair value of the hedging instrument on the hedge relationship designation date if the fair value is not nil;
b) changes in the contractual terms or timing of the payments on the hedged item; and
c) a change in the credit risk of the Group or the counterparty with the hedged instrument.

The hedge ratio for each designation will be established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for all of the Group's existing hedge relationships the hedge ratio has been determined as 1:1.

The carrying values of the hedging instruments; US$620.0m senior notes, AUD88.0m and US$387.6m acquisition facilities and RCF drawings EUR40.0m, CHF8.0m and AUD20.0m are included within long-term borrowings within the statement of financial position.

Fair value gains and losses on the hedging instruments designated in the cash flow and net investment hedges have been presented as 'fair value on cash flow hedges' and 'net exchange on hedges of net investments in foreign operations' respectively within the statement of other comprehensive income.

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

Foreign exchange loss of £1.8m recycled from the cash flow hedge reserve are presented in interest on borrowings within finance expenses in the income statement.

Sensitivity

It is estimated that an increase of 10% in the value of sterling against the US dollar and Chinese renminbi (the main currencies impacting the Group) would have decreased the Group's profit before tax for 2021 by approximately £24.7m (2020: £17.9m). This analysis assumes all other variables remain constant.

It is estimated that an increase of 10% in the value of sterling against the currencies of the hedging instruments would have increased OCI by approximately £89.7m (2020: £55.1m) which would be offset by the retranslation of the Group's investment in foreign operations in the same currencies. This analysis assumes all other variables remain constant.

Fair values

The table below provides a comparison of book values and corresponding fair values of all the Group's financial instruments by class.

	Book value 2021 £m	Fair value 2021 £m	Book value 2020 £m	Fair value 2020 £m
Financial assets				
Cash and cash equivalents	264.0	264.0	183.4	183.4
Trade receivables (note 11)	450.5	450.5	428.9	428.9
Foreign currency forwards*	0.8	0.8	0.9	0.9
Total financial assets	**715.3**	**715.3**	613.2	613.2
Financial liabilities				
Interest-bearing loans and borrowings	997.3	1,003.3	603.3	621.7
Trade payables (note 12)	154.3	154.3	142.8	142.8
Contingent consideration**	0.3	0.3	19.7	19.7
Total financial liabilities	**1,151.9**	**1,157.9**	765.8	784.2

* Foreign currency forwards are categorised as Level 2, under which the fair value is measured using inputs other than quoted prices observable for the liability, either directly or indirectly.

** Contingent consideration is categorised as Level 3 under which the fair value is measured using unobservable inputs – being the EBITDA performance of the acquired companies.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

15 Capital and reserves

Accounting policy

Dividends

Interim dividends are recognised as a movement in equity when they are paid. Final dividends are reported as a movement in equity in the year in which they are approved by the shareholders.

Own shares held by the Employee Share Ownership Trust ('ESOT')

Transactions of the Group-sponsored ESOT are included in the Group financial statements. In particular, the Trust's purchases of shares in the Company are debited directly in equity to retained earnings.

Share capital

Group and Company	2021 number	2021 £m	2020 £m
Allotted, called up and fully paid:			
Ordinary shares of 1p each at start of year	161,393,127	1.6	1.6
Share awards	–	–	–
Ordinary shares of 1p each at end of year	**161,393,127**	**1.6**	1.6
Shares classified in shareholders' funds		**1.6**	1.6

The holders of ordinary shares are entitled to receive dividends and are entitled to vote at general meetings of the Company.

During the year, the Company issued nil (2020: nil) ordinary shares in respect of all share plans.

Purchase of own shares for trust

During the year ended 31 December 2021, the Company financed the purchase of 216,310 (2020: 225,165) of its own shares with an aggregate nominal value of £2,163 (2020: £2,252) for £11.4m (2020: 12.2m) which was charged to retained earnings in equity and was held by the ESOT. This trust is managed by an independent offshore trustee. During the year, 255,034 shares were utilised to satisfy the vesting of share awards (note 17). At 31 December 2021, the ESOT held 274,546 shares (2020: 313,270 shares) with an aggregate nominal value of £2,745 (2020: £3,133). The associated cash outflow of £11.4m (2020: £12.2m) has been presented as a financing cash flow.

Dividends	2021 £m	2021 Pence per share	2020 £m	2020 Pence per share
Amounts recognised as distributions to equity holders:				
Final dividend for the year ended 31 December 2019	–	–	115.3	71.6
Interim dividend for the year ended 31 December 2020	–	–	55.1	34.2
Final dividend for the year ended 31 December 2020	115.5	71.6	–	–
Interim dividend for the year ended 31 December 2021	55.1	34.2	–	–
Dividends paid	**170.6**	**105.8**	170.4	105.8

Notes to the financial statements Continued

15 Capital and reserves Continued

After the reporting date, the Directors proposed a final dividend of 71.6p per share in respect of the year ended 31 December 2021, which is expected to amount to £115.6m. This dividend is subject to approval by shareholders at the Annual General Meeting and therefore, in accordance with IAS 10 *Events After the Reporting Date*, it has not been included as a liability in these financial statements. If approved, the final dividend will be paid to shareholders on 17 June 2022.

Reserves
Translation reserve
The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as the translation of liabilities that hedge the Group's net investment in foreign operations.

Other
This reserve includes a merger difference that arose in 2002 on the conversion of share warrants into share capital, as well as the cash flow hedge reserve.

16 Employee benefits

Accounting policy
Pension schemes
Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement as incurred.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of material defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

In calculating the defined benefit surplus or deficit, the discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method.

The increase in the present value of the liabilities expected to arise from the employees' services in the accounting period is charged to the operating profit in the income statement. The expected return on the schemes' assets and the interest on the present value of the schemes' liabilities, during the accounting period, are shown as finance income and finance expense, respectively.

The Group operates a number of pension schemes throughout the world. In most locations, these are defined contribution arrangements. However, there are significant defined benefit schemes in the United Kingdom and Switzerland. The United Kingdom Scheme is funded, with assets held in separate trustee-administered funds and the Switzerland Scheme is an insured scheme. The scheme in the United Kingdom were closed to new entrants in 2002. Other funded defined benefit schemes are not considered to be material and are therefore accounted for as if they were defined contribution schemes.

In line with IAS 19 and IFRC 14, if a scheme has a surplus this is recognised on the statement of financial position if the economic benefit is available to the Group as a result of the surplus. Economic benefit is defined as when an entity has an unconditional right to a refund from the scheme whilst the scheme is ongoing; or assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme/died; or assuming the full settlement of the scheme's liabilities in a single event. In the event of a surplus, the relevant scheme rules will be reviewed in line with IFRC 14 and a legal opinion obtained to identify if the surplus can be recognised by the Group.

The Group recognises all actuarial remeasurements in each year in equity through the consolidated statement of comprehensive income.

Total pension cost
The total pension cost included in operating profit for the Group was:

	2021 £m	2020 £m
Defined contribution schemes	(51.4)	(50.6)
Defined benefit schemes – current service cost and administration expenses	(2.4)	(2.2)
Pension cost included in operating profit (note 5)	**(53.8)**	(52.8)

The pension cost for the defined benefit schemes was assessed in accordance with the advice of qualified actuaries. The last full triennial actuarial valuation of The Intertek Pension Scheme in the United Kingdom ('United Kingdom Scheme') was carried out as at 31 March 2019, and for IAS 19 accounting purposes has been updated to 31 December 2021. The Switzerland Scheme was valued for IAS 19 purposes as at 31 December 2021. The average duration of the schemes are 20 years and 15 years for the United Kingdom and Switzerland schemes, respectively.

Defined benefit schemes
The cost of defined benefit schemes
The amounts recognised in the income statement were as follows:

	2021 £m	2020 £m
Current service cost	(2.0)	(1.8)
Scheme administration expenses	(0.4)	(0.4)
Net pension interest cost (note 14)	(0.1)	(0.2)
Total charge	**(2.5)**	(2.4)

The current service cost and scheme administration expenses are included in operating costs in the income statement and pension interest cost and interest income are included in net financing costs.

Notes to the financial statements Continued

16 Employee benefits Continued

Included in other comprehensive income:

	2021 £m	2020 £m
Remeasurements arising from:		
Demographic assumptions	(1.4)	4.1
Financial assumptions	8.1	(14.9)
Experience adjustment	(2.1)	0.9
Asset valuation	7.5	10.4
Other	(0.6)	0.3
Total	11.5	0.8

Company contributions
The Company assessed the triennial actuarial valuation for the United Kingdom Scheme and its impact on the scheme funding plan in 2021 and future years. In 2022 the Group expects to make normal contributions of £2.7m (2021: £1.3m) and has made a special contribution of £2.0m (2021: £2.0m). The next triennial valuation is due to take place as at 31 March 2022 and will include a review of the Company's future contribution requirements.

Pension asset/liability for defined benefit schemes
The amounts recognised in the statement of financial position for defined benefit schemes were as follows:

31 December 2021	United Kingdom Scheme £m	Switzerland Scheme £m	Total £m
Fair value of scheme assets	137.0	18.4	155.4
Present value of funded defined benefit obligations	(131.6)	(22.4)	(154.0)
Surplus/(Deficit) in schemes	**5.4**	**(4.0)**	**1.4**

The fair value changes in the scheme assets are shown below:

	2021 £m	2020 £m
Fair value of scheme assets at 1 January	150.4	136.8
Interest income	1.8	2.4
Normal contributions by the employer	1.3	1.3
Special contributions by the employer	2.0	2.0
Contributions by scheme participants	0.6	0.5
Benefits paid	(7.2)	(3.8)
Effect of exchange rate changes on overseas schemes	(0.6)	1.1
Remeasurements	7.5	10.4
Scheme administration expenses	(0.4)	(0.4)
Contribution to fund scheme administration expenses	–	0.1
Fair value of scheme assets at 31 December	**155.4**	150.4

Asset allocation
Investment statements were provided by the Investment Managers which showed that, as at 31 December 2021, the invested assets of the United Kingdom Scheme totalled £137.0m (2020: £131.5m), broken down as follows.

	United Kingdom Scheme	
Asset class	2021 £m	2020 £m
Equities	72.1	83.8
Property	5.2	10.1
Liability-Driven Investment*	16.8	17.7
Corporate debt instruments	38.0	12.6
Cash	4.9	7.3
Total	**137.0**	131.5

* Investments are included at fair value. The pooled investment vehicles are held under a managed fund policy in the name of the Scheme. Pooled investment vehicles (including the LDI Fund) which are not traded on active markets, but where the investment manager has provided a monthly trading price, are valued using the last single price, provided by the investment manager at or before the year end. The LDI Fund provides the hedge against adverse movements in inflation and interest rates. It seeks to match the sensitivity of the Scheme's liability cash flow to changes in interest rates and inflation; it is invested in gilts, swaps, futures, repo contracts and money market instruments.

The United Kingdom Scheme had bank account assets of £1.2m as at 31 December 2021 (2020: £0.6m).

The United Kingdom Scheme invested assets comprising both quoted and unquoted assets. The value of quoted assets in 2021 was £17.3m (2020: £28.6m), included within equities in the above table, with the remaining assets being unquoted. The Switzerland Scheme is fully insured.

Notes to the financial statements Continued

16 Employee benefits Continued

Changes in the present value of the defined benefit obligations were as follows:

	2021 £m	2020 £m
Defined benefit obligations at 1 January	162.5	150.2
Current service cost	2.0	1.8
Interest cost	1.9	2.6
Contributions by scheme participants	0.2	0.2
Benefits paid	(7.2)	(3.8)
Effect of exchange rate changes on overseas schemes	(0.7)	1.3
Remeasurements	(4.7)	10.2
Defined benefit obligations at 31 December	**154.0**	162.5

Principal actuarial assumptions:

	United Kingdom Scheme		Switzerland Scheme	
	2021 %	2020 %	2021 %	2020 %
Discount rate	1.90	1.35	0.35	0.2
Inflation rate (based on CPI)	2.25	1.8	n/a	n/a
Rate of salary increases	–	–	1.0	1.0
Rate of pension increases:				
CPI subject to a maximum of 5% p.a.	2.25	1.9	n/a	n/a
Increases subject to a maximum of 2.5% p.a.	1.8	1.6	n/a	n/a

The Switzerland Scheme is an insured plan.

Life expectancy assumptions at year-end for:

	United Kingdom Scheme		Switzerland Scheme	
	2021	2020	2021	2020
Male aged 40	47.8	47.8	49.1	45.6
Male aged 65	21.8	21.8	22.6	22.7
Female aged 40	50.1	50.1	50.9	48.2
Female aged 65	23.9	23.9	24.4	24.5

The table above shows, for the United Kingdom Scheme, the number of years a male or female is expected to live, assuming they were aged either 40 (and lives to 65) or 65 at 31 December. The mortality tables adopted in 2021 for the United Kingdom Scheme are S3PA tables, based on the CMI 2019 mortality projection model with a 1.00% long-term annual rate for future improvements. In 2020 the S3PA tables were used, based on the CMI 2019 mortality projection model with a 1.00% long-term annual rate for future improvement. For the Switzerland Scheme, the mortality table adopted in 2021 is the BVG2020 and in 2020 is the BVG2015, an industry standard in Switzerland which is based on statistical evidence of major Switzerland pension funds.

Sensitivity analysis

The table below sets out the sensitivity on the United Kingdom pension assets and liabilities as at 31 December 2021 of the two main assumptions:

	UK Scheme	
Change in assumptions	Liabilities £m	Increase/ (decrease) in surplus/deficit £m
No change	131.6	–
0.25% rise in discount rate	126.2	(5.4)
0.25% fall in discount rate	137.1	5.5
0.25% rise in inflation	134.4	2.8
0.25% fall in inflation	128.8	(2.8)

The United Kingdom Scheme is also subject to the mortality assumption. If the mortality tables used are rated up/down one year, the value placed on the liabilities increases by £6.5m and decreases by £6.1m, respectively.

Funding arrangements

United Kingdom Scheme

The Trustees use the Projected Unit Credit Method with a three-year control period. Currently the scheme members pay contributions at the rate of 8.5% of salary. The employer pays contributions of 16.4% of salary, plus £0.2m per year to fund scheme expenses and has made an additional contribution of £2.0m in 2021 to reduce the deficit disclosed by the 2019 valuation.

Notes to the financial statements Continued

16 Employee benefits Continued

Funding risks
The main risks for the schemes are:

Investment return risk:	If the assets underperform the returns assumed in setting the funding targets then additional contributions may be required at subsequent valuations.
Investment matching risk:	The schemes invest significantly in equities, whereas the funding targets are closely related to the returns on bonds. If equities fall in value relative to the matching asset of bonds, additional contributions may be required.
Longevity risk:	If future improvements in longevity exceed the assumptions made for scheme funding then additional contributions may be required.

Role of third parties
The United Kingdom Scheme is managed by Trustees on behalf of its members. The Trustees take advice from appropriate third parties including investment advisers, actuaries and lawyers as necessary.

17 Share schemes

Accounting policy

Share-based payment transactions
The share-based compensation plans operated by the Group allow employees to acquire shares of the Company. The fair value of the employee services, received in exchange for the grant of shares, is measured at the grant date and is recognised as an expense with a corresponding increase in equity. The charge is calculated using the Black Scholes method and expensed to the income statement over the vesting period of the relevant award. The charge for the Deferred Share Awards is adjusted to reflect expected and actual levels of vesting for service conditions. The expense of the LTIP Share Awards is calculated using the Monte Carlo method and the fair value adjusted for the probability of TSR performance conditions being achieved.

Share plans

2011 Long Term Incentive Plan
The Deferred Bonus Plan 2005 was replaced in 2011 with the Intertek 2011 Long Term Incentive Plan ('LTIP'). Deferred Share Awards (previously Share Awards) and LTIP Share Awards (previously Performance Awards) have been granted under this plan. The first awards were granted on 7 April 2006. The awards under these plans vest three years after grant date, subject to fulfilment of the performance conditions. The weighted average remaining contractual life of share options outstanding at the end of the period is one year.

2021 Long Term Incentive Plan
The Intertek 2021 Long Term Incentive Plan ('2021 Plan') was approved at the 2020 Annual General meeting as the Intertek 2011 Long Term Incentive Plan was approaching the end of its 10-year life cycle. The 2021 Plan is broadly similar to the previous Long Term Incentive Plan, but with amendments to take account of developments in market practice. The awards made in 2021 were made under the 2021 plan with the first awards made on 12 March 2021. The awards under these plans vest three years after grant date, subject to fulfilment of the non-market based performance conditions.

	2021			2020		
Outstanding awards	Deferred Share Awards	LTIP Share Awards	Total awards	Deferred Share Awards	LTIP Share Awards	Total awards
At beginning of year	784,932	889,937	1,674,869	812,317	927,395	1,739,712
Granted*	200,550	325,562	526,112	278,996	315,054	594,050
Vested**	(246,474)	(103,321)	(349,795)	(244,837)	(258,438)	(503,275)
Forfeited	(76,302)	(320,336)	(396,638)	(61,544)	(94,074)	(155,618)
At end of year	**662,706**	**791,842**	**1,454,548**	784,932	889,937	1,674,869

* Includes 11,298 Deferred Share Awards (2020: 12,570) and 16,232 LTIP Share Awards (2020: 12,239) granted in respect of dividend accruals.

** Of the 349,795 awards vested in 2021, nil were satisfied by the issue of shares and 230,734 by the transfer of shares from the ESOT (see note 15). The balance of 119,061 awards represented a tax liability of £6.3m (2020: £8.0m) which was settled in cash on behalf of employees by the Group, of which £5.5m was settled by the Company.

Buyout Awards
On 1 April 2021, Jonathan Timmis was granted conditional rights to acquire 39,000 shares under a one-off arrangement as a condition of his recruitment as CFO of the Company, granted under the Long Term Incentive Plan 2021. The award comprised three parts of 13,000 shares, vesting on 1 April 2022, 1 April 2023 and 1 April 2024. Further details are shown in the Remuneration report on pages 136 to 163.

Deferred Share Plan
Awards may be granted under the Deferred Share Plan ('DSP') to employees of the Group (other than the Executive Directors of the Company) selected by the Remuneration Committee over existing, issued ordinary shares of the Company only. The DSP was adopted primarily to allow for the deferral of a proportion of selected employees annual bonus into shares in the Company but may also be used for the grant of other awards (such as incentive awards and buyout awards for key employees) in circumstances that the Remuneration Committee deems appropriate. Awards will normally have a three-year vesting period. Awards may be made subject to performance conditions and are subject to normal good and bad leaver provisions and malus and clawback.

	2021		2020	
Outstanding awards	Deferred Share Awards	Total awards	Deferred Share Awards	Total awards
At beginning of year	45,881	45,881	68,560	68,560
Granted*	33,641	33,641	21,762	21,762
Vested**	(31,308)	(31,308)	(36,574)	(36,574)
Forfeited	(10,846)	(10,846)	(7,867)	(7,867)
At end of year	**37,368**	**37,368**	45,881	45,881

* Includes 1,180 Deferred Share Awards (2020: 1,062) granted in respect of dividend accruals.

** Of the 31,308 awards vested in 2021, 24,300 were satisfied by the transfer of shares from the ESOT (see note 15). The balance of 7,008 awards represented a tax liability of £0.4m which was settled in cash on behalf of employees by the Group, of which £0.3m was settled by the Company.

Notes to the financial statements Continued

17 Share schemes Continued

Equity-settled transactions

During the year ended 31 December 2021, the Group recognised an expense of £18.6m (2020: £17.7m). The fair values and the assumptions used in their calculations are set out below:

	2021 Awards		
	Deferred Share Awards	Share Awards	LTIP Share Awards
Fair value at measurement date (pence)	5,345	4,791	4,855
Share price (pence)	5,345	4,791	4,855
Expected volatility	n/a	n/a	25.2%
Risk-free interest rate	n/a	n/a	0.35%
Time to maturity (years)	**1–3**	**3**	**3**

	2020 Awards		
	Deferred Share Awards	Share Awards	LTIP Share Awards
Fair value at measurement date (pence)	5,429	4,814	4,793
Share price (pence)	5,429	4,814	4,793
Expected volatility	n/a	n/a	24.0%
Risk-free interest rate	n/a	n/a	0.02%
Time to maturity (years)	1–3	3	3

The expected volatility is based on the historical volatility, adjusted for any expected changes to future volatility due to publicly available information.

The weighted-average exercise prices of all share awards in the year are £nil (2020: £nil).

All Share Awards are granted under a service condition. Such condition is not taken into account in the fair value measurement at grant date. The LTIP Share Awards (TSR element) are granted under a performance-related market condition and as a result this condition is taken into account in the fair value measurement at grant date. From 2020 the LTIP Share Awards are granted under performance-related non-market conditions only.

18 Subsequent events

On 13 January 2022 a US$150m senior note was drawn following the issuance of US$640m of private placement bonds in December 2021.

On 24 February 2022 the Group gave notice to prepay US$482.2m of the US$692m Acquisition Facility on 1 March 2022, utilising funds to be drawn from the USPP notes issued in December 2021.

19 Capital management

The Directors determine the appropriate capital structure of Intertek; specifically how much capital is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities. These activities include ongoing operations as well as acquisitions as described in note 10.

The Group's policy is to maintain a robust capital base (including cash and debt) to ensure the market and key stakeholders retain confidence in the capital profile. Debt capital is monitored by Group Treasury assessing the liquidity buffer on a short- and longer-term basis as discussed in note 14. Financial net debt has increased from £419.9m at 31 December 2020 to £733.3m at 31 December 2021, primarily reflecting the acquisition of SAI Global. The Group has a strong balance sheet with financial net debt to EBITDA of 1.1x.

During 2021, the Group has continued the working capital focus and through disciplined performance management, working capital has reduced by £39.3m to negative £43.3m. Working capital is defined on page 175.

The Group uses key performance indicators, including return on invested capital ('ROIC') and adjusted diluted earnings per share to monitor the capital position of the Group to ensure it is being utilised effectively. The rate of ROIC, defined as adjusted operating profit less adjusted taxes divided by invested capital, measures how effectively the Group generates profit from its invested capital. This is a key measure to assess the efficiency of investment decisions and is also an important criterion in the decision-making process. ROIC in 2021 was 18.2% (2020: 21.6%). Adjusted diluted earnings per share is a key measure of value creation for the Board and for shareholders and in 2021 was 190.8p (2020: 170.9p).

The dividend policy also forms part of the Board's capital management policy, and the Board ensures there is appropriate earnings cover for the dividend proposed at both the interim and year end. Our dividend policy aims to deliver sustainable dividend growth over time, based on a target dividend payout ratio of c.50%. Reflecting the Group's strong cash generation in 2021 and reduced leverage, the recommended final dividend is 71.6p bringing the full-year dividend to 105.8p, which is in line with 2020, and the dividend payout ratio to 55%.

Notes to the financial statements Continued

20 Non-controlling interest

Accounting policy
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions.

Non-controlling interest
An analysis of the movement in non-controlling interest is shown below:

	2021 £m	2020 £m
At 1 January	28.0	29.4
Exchange adjustments	1.0	(0.3)
Share of profit for the year	18.6	15.3
Adjustment arising from changes in non-controlling interest	1.7	2.2
Dividends paid to non-controlling interest	(17.0)	(18.6)
At 31 December	**32.3**	28.0

21 Related parties

Identity of related parties
The Group has a related party relationship with its key management. Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

Transactions with key management personnel
Key management personnel compensation, including the Group's Directors, is shown in the table below:

	2021 £m	2020 £m
Short-term benefits	9.7	11.6
Post-employment benefits	0.8	0.8
Equity-settled transactions	7.7	10.4
Total	**18.2**	22.8

More detailed information concerning Directors' remuneration, shareholdings, pension entitlements and other long-term incentive plans is shown in the audited part of the Remuneration report. Apart from the above, no member of key management had a personal interest in any business transactions of the Group.

22 Contingent liabilities

	2021 £m	2020 £m
Guarantees, letters of credit and performance bonds	**28.7**	26.0

Litigation
The Group is involved in various claims and lawsuits incidental to the ordinary course of its business, including claims for damages, negligence and commercial disputes regarding inspection and testing, and disputes with employees and former employees. The Group is not currently party to any legal proceedings other than ordinary litigation incidental to the conduct of business. These claims are not currently expected to result in meaningful costs and liabilities to the Group. The Group maintains appropriate insurance cover to provide protection from the small number of significant claims it is subject to from time to time.

Tax
The Group operates in more than 100 countries and with complex tax laws and regulations. At any point in time it is normal for there to be a number of open years which may be subject to enquiry by local authorities. In some jurisdictions the Group receives tax incentives (see note 6) which are subject to renewal and review and reduce the amount of tax payable. Where the effect of the laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid. The Group considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve.

At 31 December 2020, the Group disclosed a contingent liability of £16.3m in respect of EU State Aid. In April 2021, the European Commission issued its decision in a state aid investigation into the Group Financing Exemption in the UK controlled foreign company ('CFC') rules. The European Commission found that part of the Financing Exemption constitutes state aid. HMRC has concluded that Intertek did not benefit from unlawful state aid as a result of its Group Financing Exemption claims. This matter is now regarded as closed and as a result there is no longer an associated contingent liability in this regard.

Notes to the financial statements Continued

23 Principal Group companies

The principal subsidiaries whose results or financial position, in the opinion of the Directors, principally affect the figures of the Group have been shown below. All the subsidiaries shown were consolidated with Intertek Group plc as at 31 December 2021. Unless otherwise stated, these entities are wholly owned subsidiaries and the address of the registered office is Academy Place, 1–9 Brook Street, Brentwood, Essex, CM14 5NQ, United Kingdom.

Company name	Country of Incorporation and principal place of operation	Activity
Intertek Finance plc	England	Finance
Intertek Holdings Limited (i)	England	Holding
Intertek Technical Services, Inc. (ii)	USA	Trading
Intertek Testing Services Holdings Limited (i)	England	Holding
Intertek Testing Services Hong Kong Limited (iii)	Hong Kong	Trading
Intertek Testing Services Limited Shanghai (iv)	China	Trading
Intertek Testing Services NA, Inc. (v)	USA	Trading
Intertek Testing Services Shenzhen Limited (vi)	China	Trading
Intertek USA, Inc. (vii)	USA	Trading
Intertek USD Finance Limited	England	Finance
Labtest Hong Kong Limited (viii)	Hong Kong	Trading
RCG-Moody International Limited	England	Holding
Testing Holdings USA, Inc. (v)	USA	Holding

(i) Directly owned by Intertek Group plc.
(ii) Registered office address is: 25025 I-45, Suite 300, Spring, TX 77380, United States.
(iii) Registered office address is: 2/F Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.
(iv) Equity shareholding 85%, company controlled by the Group based on management's assessment; Registered office address is: 2nd Floor, West District, Free Trade Test Zone, Zhangyang Road, Shanghai, China.
(v) Registered office address is: 3933 US Route 11, Cortland, NY 13045, United States.
(vi) Registered office address is: 3-5/F of Bldg. 1, 1-5/F of Bldg. 3, No. 4012, Wuhe Ave. North, Bantian Street, Yuanzheng Science and Technology Industrial Park, Shenzhen, Guangdong, China.
(vii) Registered office address is: 200 Westlake Park Blvd., Westlake Building 4, Suite 400, Houston, TX 77079, United States.
(viii) Registered office address is: 2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.
(ix) Registered office address: 544 Bickley Road, Maddington WA 6109, Australia.

Group companies

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings is set out below. Related undertakings comprise subsidiaries, partnerships, associates, joint ventures and joint arrangements. The principal subsidiaries listed above have not been duplicated in the list below.

Where no address is listed, the address of the registered office is Academy Place, 1–9 Brook Street, Brentwood, Essex, CM14 5NQ, United Kingdom. Unless otherwise stated, the share capital for all related undertakings included in this note comprises ordinary or common stock shares which are indirectly held by Intertek Group plc as at 31 December 2021. The percentage held by class of share is stated where this is less than 100%. No subsidiary undertakings have been excluded from the consolidation.

Fully owned subsidiaries

0949491 B.C. Limited
1200-925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada

4th Strand, LLC (i) (xv)
1950 Evergreen Boulevard, Suite 100, Duluth, GA 30096, United States

Acucert Labs, LLP (xv)
82/2, Shreyas, 25th Road, Sion West, Mumbai, 400022, India

Acumen Security, LLC
2400 Research Blvd, Suite 395, Rockville, MD 20850, United States

Adelaide Inspection Services Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

Admon Labs Servicios Corporativos y Administrativos, S.A. de C.V.
Boulevard Adolfo Lopez Mateos #2259, Atlamaya, Alvaro Obregon, Ciudad de Mexico, C.P. 01760, Mexico

Advancing Food Safety Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

Ageus Solutions Inc.
255 Michael Cowpland Dr., Suite 200, Ottawa, Ontario, K2M 0M5, Canada

Alchemy Investment Holdings, Inc.
5300 Riata Park Court, Austin, TX 78727, United States

Alchemy Systems, L.P. (xv)
5301 Riata Park Court, Austin, TX 78727, United States

Alchemy Systems Training, Inc.
5300 Riata Park Court, Austin, TX 78727, United States

Alchemy Systems Training Limited

Alchemy Training Technologies, Inc.
1 Germain Street, Suite 1500, Saint John, NB E2L 4V1, Canada

Aldo Abela Surveys Limited
98 Triq Patri Magri, Marsa, MRS 2200, Malta

Alta Analytical Laboratory, Inc. (i)
200 Westlake Park Blvd., Westlake Building 4, Suite 400, Houston, TX 77079, United States

Amtac Certification Services Limited (ii)
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Angus Management, LLC(xv)
5300 Riata Park Court, Austin, TX 78727, United States

Anstat Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

Architectural Testing, Inc.
130, Derry Court, York, PA 17406, United States

Architectural Testing Holdings, Inc.
130 Derry Court, York, PA 17406, United States

Bellini & Sandrini Holding LTDA
Rua Carlos Tosin, 860, sala 1, Distrito Industrial, Distrito Industrial, Estado de São Paulo, Brazil

Bigart Ecosystems, LLC(xv)
212 S. Wallace Avenue Bozeman, MT 59715, United States

Caleb Brett Ecuador S.A.
Centro Commercial Mall del Sol, Av. Joaquín Orrantia González y Juan Tanca Marengo, Torre B, Piso 5, Oficina 505, Guayaquil, Ecuador

Notes to the financial statements Continued

Cantox U.S. Inc.
100 Davidson Avenue, Suite #102, Somerset, NJ 08873, United States

Capcis Limited (ii)
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Catalyst Awareness, Inc. (iii)
43 Carolinian Lane, Cambridge, ON N1S 5B5, Canada

Center for the Evaluation of Clean Energy Technology, Inc.
3933 US Route 11, Cortland, NY 13045, United States

Check Safety First Limited
Checkpoint Solutions Ltd
Cistera Limited(i)
C/O RobSec Limited, 5705, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong

Cristal International Care Limited (ii)
CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Cristal International Limited (viii) (ii)
CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Cristal Middle East SAE
22 El-Imam Ali, Almazah, Heliopolis, Cairo Governorate, Egypt

Cristal North Africa CNA
Immeuble, SOGIT Faisant angle de la rue, lac victoria, et rue du des lacs de mazurie, les berges du lac, 1053 Tunis Le bureau, B5 situé, au 2ème étage, Tunis, Tunisia

Cristal World Wide Limited (ii)
CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Ecristal Europe Limited (ii)
CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Ecristal Limited (i)
Electrical Mechanical Instrument Services (UK) Limited (ii)
Unit 19 & 20 Wellheads Industrial Centre, Dyce, Aberdeen, AB21 7GA, United Kingdom

Electronic Warfare Associates-Canada, Ltd (iii)
1223 Michael Street North, Suite 200, Ottawa, ON K1J 7T2, Canada

Enertech Australia Pty. Limited
544 Bickley Road, Maddington WA 6109, Australia

Entela-Taiwan, Inc
4700 Broadmoor Avenue SE, Suite 200, Kentwood, MI 49512, United States

Esperanza Guernsey Holdings Limited
PO Box 472, St Julian's Court, St Julian's Avenue, St Peter Port, GY1 6AX, Guernsey

Esperanza International Services (Southern Africa) (Pty.) Limited
Charter House, 13 Brand Road, Glenwood, Durban, South Africa

Excel Partnership, Inc.
250 S. Wacker Drive, Suite 1800, Chicago, IL 60606, United States

Fivetix Professional Services Private Limited
F-Wing, I Floor, Tex Centre, 26-A Chandiwali Farm Road, Andheri (East) Mumbai Mumbai City MH 400072, India

Four Front Research (India) Pvt Limited (ii)
Plot# 847, 5th Floor, Near Electricity Substation, Ayyappa Society Road, Madhapur, Hyderabad, Telangana, 500081, India

Frameworks Inc.
1595 Sixteenth Avenue, Suite 301, Richmond Hill, ON L4B 3N9, Canada

Gamatek, S.A. de C.V.
Alanis Valdez #2308, Industrial, Monterrey, Nuevo Leon, Mexico

GCA Calidad y Analisis de Mexico, S.A. de C.V.
Jacarandas #19, San Clemente, Alvaro Obregon, Ciudad de Mexico, C.P. 01740, Mexico

Gellatly Hankey Marine Services (M) Sdn. Bhd.
Unit 30-01 Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

Genalysis Laboratory Services Pty Limited (vi)
544 Bickley Road, Maddington WA 6109, Australia

Geotechnical Services Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

Global Trust Certification (UK) Limited
Global X-Ray & Testing Corporation
112 East Service Road, Morgan City, LA 70380, United States

Global X-Ray Holdings, Inc. (ix)
112 East Service Road, Morgan City, LA 70380, United States

H.P. White Laboratory Inc.
3114 Scarboro Road, Street, MD 21154, United States

Hawks Acquisition Holding, Inc.
545 E. Algonquin Road, Arlington Heights, Illinois 60005, United States

Hi-Tech Holdings, Inc.
CT Corporation System, 1200 S.Pine Island Road, Plantation, FL 33324, United States

Hi-Tech Testing Service, Inc.
CT Corporation System, 1999 Bryan Street Suite 900, Dallas, TX 75201, United States

ILI Infodisk, Incorporated.
205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

ILI Limited
Inspection Services (US), LLC
237 Stuart Road, Amelia, LA 70340, United States

International Cargo Services, Inc. (i)
c/o CT Corp, 8550 United Plaza Blvd, Baton Rouge, LA 70809, United States

International Inspection Services Limited
33/37 Athol Street, Douglas, IM1 1LB, Isle of Man

Intertek (Mauritius) Limited
2 Palmerston Road, Phoenix, Mauritius

Intertek (Schweiz) AG
TechCenter, Kaegenstrasse 18, 4153 Reinach, Switzerland

Intertek Algeria Ltd EURL
Zone urbaine Garidi 1, N°C7/C8, Bâtiment F1, 1er étage Local N°1 , 16051, Kouba, Wilaya d'Alger, Algeria

Intertek Argentina Certificaciones S.A. (iii)
Cerrito 1136 3rd floor CF, Ciudad Autónoma de Buenos Aires, C1010AAX, Argentina

Intertek Aruba N.V.
Lago Heights Straat 28A, San Nicolas, Aruba

Notes to the financial statements Continued

Intertek Asset Integrity Management, Inc.
25025 I-45, Suite 300, Spring, TX 77380, United States
Intertek ATI SRL
266-268 Calea Rahovei Street, Building 61, 1st Floor, Sector 5, Bucharest, Romania
Intertek Australia Holdings Pty Limited
544 Bickley Road, Maddington WA 6109, Australia
Intertek Azeri Limited
2236 Mirza Davud Str., Xatai District, Baku, AZ 1026, Azerbaijan
Intertek BA EOOD
24A Akad. Metodi Popov Str., Floor 5, Sofia, 1113, Bulgaria
Intertek Bangladesh Limited
Phoenix Tower, Plot–407 (3rd Floor), Tejgaon I/A, Dhaka, Bangladesh
Intertek Belgium NV
Kruisschansweg 11, 2040 Antwerp, Belgium
Intertek Burkina Faso Ltd Sarl (i)
Ouagadougou, Secteur 13, Parcelle 21, Lot 11 Section EO Arrondissement de Nongr'Masson, Ouagadougou, 11 GP 1429, Burkina Faso
Intertek C&T Australia Holdings PTY Ltd (i)
544 Bickley Road, Maddington, WA 6109, Australia
Intertek C&T Australia Pty Ltd (i)
Level 3, 235 St Georges Terrace, Perth WA 6000, Australia
Intertek Caleb Brett (Uruguay) S.A. (xiv)
Cerrito 507, 4th Floor, Of. 46 and 47, Montevideo, 11000, Uruguay
Intertek Caleb Brett Chile S.A.
Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile
Intertek Caleb Brett El Salvador S.A. de C.V.
Recinto Industrial de RASA zona industrial de Acajutla, Sonsonate, El Salvador
Intertek Caleb Brett Germany GmbH
Georgswerder Bogen 3, D-21109 Hamburg, Germany
Intertek Caleb Brett Panama, Inc.
Zona Procesadora para la Exportacion de Albrook, Building 6, Ancon Panama, Panama
Intertek Caleb Brett Venezuela C.A.
2a AV El Mirador Edif. Saragon Palace Piso, PH-602/603 La Campina, Caracas, 1050, Venezuela
Intertek Canada Newco Limited
1829-32nd Avenue, Lachine, QC H8T 3J1, Canada
Intertek Capacitacion Chile Spa
Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile
Intertek Capital Resources Limited
Intertek Certification AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden
Intertek Certification AS
Leif Weldings vei 8, 3208 Sandefjord, Norway
Intertek Certification France SAS
67 Boulevard Bessières, 75017, Paris, France
Intertek Certification GmbH
Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany
Intertek Certification Japan Limited
Nihonbashi N Bldg, 1-4-2, Nihonbashi – Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan
Intertek Certification Limited
Intertek Colombia S.A.
Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia
Intertek Commodities Mozambique Lda (xvi)
Rua 1233, NR 72 R/C, Distrito Urbano 1, Maputo, Mozambique
Intertek Consulting & Training (UK) Limited
Northpoint Aberdeen Science & Energy Park, Exploration Drive, Bridge of Don, Aberdeen, AB23 8HZ, United Kingdom
Intertek Consulting & Training (USA), Inc.
25025 I-45, Suite 300, Spring, TX 77380, United States
Intertek Consulting & Training Colombia Limitada
Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia
Intertek Consulting & Training Egypt (ii)
46 B Street #7, Maadi, Cairo, Egypt
Intertek Consumer Goods GmbH
Würzburger Strasse 152, 90766 Fürth, Germany
Intertek Curacao N.V.
Barendslaan #3, Rio Canario Willemstad, Curacao, Netherlands Antilles
Intertek de Guatemala SA
46 Calle 21-53 Zona 12, Expobodega 46, Edificio 10, Guatemala Ciudad, Guatemala
Intertek de Nicaragua S.A.
Zona Franca Astro KM 47, Carretera Tipitapa Masaya, Nave 20, Managua, Nicaragua
Intertek Denmark A/S
Dokhavnsvej 3, 4400 Kalundborg, Denmark
Intertek Deutschland GmbH
Stangenstrasse 1, 70771 Leinfelden-Echterdingen, Germany
Intertek DIC A/S
Buen 12, 2, 6000 Kolding, Denmark
Intertek do Brasil Inspecoes Ltda
Av Eng. Augusto Barata s/n, Alamoa, Santos, SP, CEP11095-650, Brazil
Intertek Egypt for Testing Services
2nd Floor, Block 13001, Piece 15, Street 13, First Industrial Zone, (Beside Abou Ghali Motors), Elobour City, Cairo, Egypt
Intertek Evaluate AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden
Intertek Finance No. 2 Ltd (x)
Intertek Finland OY
Teknoublevardi 3-5, FI-01530 Vantaa, Finland
Intertek Fisheries Certification Limited (ii)
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom
Intertek Food Services GmbH
Olof-Palme-Strasse 8, 28719 Bremen, Germany

Notes to the financial statements Continued

Intertek France SAS
ZAC Ecopark 2, 27400, Heudebouville, France

Intertek Fujairah FZC
P.O. Box 1307, Fujairah, United Arab Emirates

Intertek Genalysis (Zambia) Limited
Plot No 25/26 Nkwazi House, Nkwazi and Cha Cha Cha Roads, PO Box 31014, Lusaka, Zambia

Intertek Genalysis Madagascar SA
Saint Denis Terrain II, Parcel 2 Ambatofotsy, Ampandrianomby, Madagascar

Intertek Genalysis South Africa Pty Ltd
544 Bickley Road, Maddington WA 6109, Australia

Intertek Ghana Limited
1st Floor Gian, Towers Office, Number 2 Community, Gian Towers Tema, Accra, Accra Metropolitan, P.O. BOX GP 199, Ghana

Intertek Global (Iraq) Limited
Intertek Global Limited
1st Floor, Liberation House, Castle Street, St Helier, JE1 1GL, Jersey

Intertek Health Sciences Inc. (v)
2233 Argentia Road, Suite # 201, Mississauga, ON L5N 2X7, Canada

Intertek Holding Deutschland GmbH
Stangenstrasse 1, 70771 Leinfelden-Echterdingen, Germany

Intertek Holdings France SAS
ZAC Ecopark 2, 27400 Heudebouville, France

Intertek Holdings Italia SRL (xvi)
Via Guido Miglioli 2/A, Cernusco sul Naviglio, 20063, Milano, Italy

Intertek Holdings Nederland B.V.
Leerlooierstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

Intertek Holdings Norge AS
Oljevegen 2, Tananger, 4056, Norway

Intertek Ibérica Spain, S.L.
Alameda Recalde, 27-5., 48009, Bilbao, Vizcaya, Spain

Intertek India Private Limited
E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

Intertek Industrial Services GmbH
Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany

Intertek Industry and Certification Services (Thailand) Limited
539/2 Gypsum Metropolitan Tower, 11C Fl., Sri-Ayudhaya Road, Tanon – Phayathai Subdistrict, Khet Ratchathewi, Bangkok, 10400, Thailand

Intertek Industry Holdings (Pty) Ltd
53 Phillip Engelbrecht Drive, Woodhill Office Park Building 2, 1st Floor Unit 8B Meyersdal, Gauteng, 1448, South Africa

Intertek Industry Holdings Mozambique Limitada
Cidade de Maputo, Distrito Kampfumo, Baiiro Sommerchield, Avenida 1301 n°97, Mozambique

Intertek Industry Services (S) Pte Ltd
2 International Business Park, #10-09/10, The Strategy, 609930, Singapore

Intertek Industry Services Brasil Ltda
Alameda Mamore 503, Alphaville, Barueri-SP, 06454-040-SP, Brazil

Intertek Industry Services de Argentina S.A.
Cerrito 1136, 2nd floor CF, Ciudad Autonoma de Buenos Aires, C1010AAX, Argentina

Intertek Industry Services Japan Limited
Nihonbashi N Bldg, 1-4-2, Nihonbashi – Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan

Intertek Industry Services Romania Srl
266-268 Calea Rahovei Street, Building 61, 1st Floor, Sector 5, Bucharest, Romania

Intertek Industry WLL
Office # 24, Building 400, Road 3207, Mahooz, Block 332, Manama, Bahrain

Intertek Inspection Services Ltd
2561 Avenue Georges V, Montreal-Est, QC H1L 6S4, Canada

Intertek Inspection Services Scandinavia AS
Leif Weldings vei 8, 3208 Sandefjord, Norway

Intertek Inspection Services UK Limited
Intertek International France SAS
67 Boulevard Bessières, 75017, Paris, France

Intertek International Gabon SARL
Quartier Montagne Sainte – Immeuble Dumez, 2éme étage, Libreville, B.P: 13312, Gabon

Intertek International Guinee S.A.R.L. (i)
Conakry Republique de Guinee, Compte Bancaire: 52481.369.10 0 (SGBG), Conakry Guinea

Intertek International Inc.
8600 NW 17th Street, Suite 100, Miami, FL 33126, United States

Intertek International Kazakhstan, LLC
Building 2A, Abay street, Atyrau City, 060002, Kazakhstan

Intertek International Limited
Intertek International Ltd Egypt
69, Road 161, Intersection with Road 104, Ground Floor, Maadi, Cairo, Egypt

Intertek International Nederland BV
Leerlooierstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

Intertek International Niger SARL
BP 2769, 2nd Floor Lot 792 Block Q, Independance Boulevard, Rue GM-20, Niger

Intertek International Suriname N.V.
Prins Hendrikstraat 49, Paramaribo, Suriname

Intertek International Tanzania Limited
Minazini Street, Kilwa Road 5, Dar es Salaam, United Republic of Tanzania

Intertek Italia SpA
Via Guido Miglioli 2/A, Cernusco sul Naviglio, 20063, Milano, Italy

Intertek Japan K.K.
Pier City Shibaura Building, 4F, 3-18-1, Kaigan, Minato-ku, Tokyo, 108-0022, Japan

Intertek Kalite Servisleri Limited Sirketi
Cevizli Mah. Tansel Cad. No: 12-18, Maltepe, Istanbul, Turkey

Intertek Korea Industry Service Ltd
Yeouido Dept Bldg #916, 36-2, Yeouido-Dong, Youngdeungpo-Gu, Seoul, 150-749, South Korea

Intertek Labtest S.A.R.L
Route 110, (par Chefchaouni), Lot Saadi no. 20, Q.I. Aïn Sebaâ 20 250, 4eme Etage, Casablanca, Morocco

Notes to the financial statements Continued

Intertek Limited
Borco Administration Bldg, West Sunrise Highway, Freeport, Grand Bahama, The Bahamas
Intertek Management Services (Australia) Pty Ltd
544 Bickley Road, Maddington WA 6109, Australia
Intertek Med SARL AU
Zone Franche Logistique Tanger Med, Plateau Bureaux 4, Lot 130, Tanger, Morocco
Intertek Medical Notified Body AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden
Intertek Minerales Services SARL (i)
Rue KM 10, Route de Kouroussa S/P Karifamoriah, Commune Urbaine de Kankan, Guinea
Intertek Minerals Limited
Osu Badu Street, Airport Residential Area, Accra, Greater Accra, CP8196, Ghana
Intertek Myanmar Limited (i)
Classic Strand Cono, No.693/701, Room (4-A), (4th Floor), Merchant Road, Pabedan Township, Yangon, Myanmar
Intertek Nederland B.V.
Leerlooierstraat 135, 3194 AB Hoogvliet, Rotterdam, The Netherlands
Intertek Nominees Limited
Intertek OCA France SARL
Route Industrielle – Centre Routier, 76600, Gonfreville L'Orcher, France
Intertek Overseas Holdings, Eritrea Limited (i)
Intertek Overseas Holdings Limited
3rd Floor, Warsay Avenue, P.O. Box 4588, Asmara, Eritrea
Intertek Pakistan (Private) Limited
Intertek House, Plot No.1-5/11-A, Sector-5, Korangi Industrial Area, Karachi, Pakistan
Intertek Poland sp.z.o.o.
Cyprysowa 23 B, 02-265, Warsaw, Poland
Intertek Polychemlab B.V.
Koolwaterstofstraat 1, 6161 RA, Geleen, The Netherlands
Intertek Portugal, Unipessoal Lda (xvi)
Rua Antero de Quental, 221-Sala 102, 4455-586, Perafita-Matosinhos, Portugal
Intertek Quality Services Ltd (i)
Intertek Resource Solutions (Trinidad) Limited (i)
#91-92 Union Road, Marabella, Trinidad, Trinidad and Tobago
Intertek Resource Solutions, Inc.
25025 I-45, Suite 300, Spring, TX 77380, United States
Intertek Rus JSC
Electrozavodskaya street, 27, building 2, 125047, Moscow, Russian Federation
Intertek S.R.O
Sokolovská 131/86, Karlín, Praha 8, 186 00, Czech Republic
Intertek Saudi Arabia Limited
Southern Olaya Center, Office No. 213, Makkah Al-Mukaramah Street, P.O. Box 2526, Al-Khobar, 31952, Saudi Arabia
Intertek ScanBi Diagnostics AB
Box 166, Alnarp, SE-230 53, Sweden
Intertek Secretaries Limited (i)
Intertek Semko AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden
Intertek Services (Pty) Ltd
151 Monument Road, Aston Manor, 1619, South Africa
Intertek Servicios C.A. (i)
Res. San Ignacio, Calle San Ignacio de Loyola con Avenue Francisco de Miranda, Local 3, Chacao, Caracas, Venezuela
Intertek Statius N.V.
Man 'O' War #B3, Oranjestad, St. Eustatius, Netherlands Antilles
Intertek Surveying Services (USA), LLC (xv)
16441 Space Center Boulevard, Suite D-100, Houston, TX 77058, United States
Intertek Surveying Services UK Limited
Averon House 3 Dail Nan Rocas, Teaninich Industrial Estate, Alness, IV17 0PH, United Kingdom
Intertek Technical Inspections Canada Inc. (iv)
1829-32nd Avenue, Lachine, Quebec, H8T 3J1, Canada
Intertek Technical Services PTY Limited
544 Bickley Road, Maddington WA 6109, Australia
Intertek Technical Testing and Analysis Private Limited Company (i)
Bole Sub City Woreda 04, House Number 064/A/, Abune Yosef, Addis Ababa, 4260, Ethiopia
Intertek Testing & Certification Limited
Intertek Testing and Inspection Services UK Limited
Intertek Testing Management Ltd
Intertek Testing Services (Australia) Pty Limited
544 Bickley Road, Maddington WA 6109, Australia
Intertek Testing Services (Cambodia) Company Limited
13AC, Street 337, Sangkat Boeung Kak I, Khan Tuol Kork, Phnom Penh, Cambodia
Intertek Testing Services (East Africa) (Pty) Limited
5th Floor Charter House, 13 Brand Road Glenwood, Kwa-Zulu Natal, 4001, South Africa
Intertek Testing Services (Fiji) Pte Limited
c/o BDO, Level 10, FNPF Place, 343 Victoria Parade, Suva, Fiji
Intertek Testing Services (Guangzhou) Ltd
No.3-1, Road 1, Xinhaixin Street, Huangge, Nansha District, Guangzhou, Guangdong, China
Intertek Testing Services (ITS) Canada Ltd
105-9000 Bill Fox Way, Burnaby BC V5J 5J3, Canada
Intertek Testing Services (Japan) K. K.
Nihonbashi N Bldg, 1-4-2, Nihonbashi – Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan
Intertek Testing Services (NZ) Limited
3 Kepa Road, Ruakaka, Northland, 0171, New Zealand
Intertek Testing Services (Shanghai FTZ) Co., Ltd
1/F, Building No.4 Shanghai 801 Yi Shan Road, Shanghai, 200233, China
Intertek Testing Services (Singapore) Pte Ltd.
3 Irving Road #05-01 to 05, Tai Seng Centre, 369522, Singapore
Intertek Testing Services (Thailand) Limited
1285/5 Prachachuen Road, Wong-Sawang Sub-District, Bangsue District, Bangkok, 10800, Thailand

Notes to the financial statements Continued

Intertek Testing Services Argentina S.A.
Cerrito 1136, piso 3ro, Frente. Ciudad Autonoma de Buenos Aires, (C1010AAX), Argentina

Intertek Testing Services Bolivia S.A.
Calle Chichapi # 2125, Santa Cruz, de la Sierra, Bolivia

Intertek Testing Services Caleb Brett Egypt Limited
Intertek Testing Services Chongqing Co., Limited
1F/6F Building 3 No.5 East Gangcheng Loop Road, Chongqing China

Intertek Testing Services de Honduras, S.A.
Edificio la Pradera, locales 5 y 6. 1-2 Ave, 1 calle, Puerto Cortes, Barrio el Centro, Honduras

Intertek Testing Services De Mexico, S.A. De C.V. (iii)
Poniente 134, No 660 Industrial Vallejo, Mexico DF CP, 02300, Mexico

Intertek Testing Services Environmental Laboratories Inc. (i)
Lexis Document Services, 15 East North Street, Dover, DE 19901, United States

Intertek Testing Services NA Limited
1829-32nd Avenue, Lachine QC H8T 3J1, Canada

Intertek Testing Services NA Sweden AB (i)
c/o Intertek Semko AB, Box 1103, Kista, 16422, Sweden

Intertek Testing Services Namibia (Proprietary) Limited
15th Floor, Frans Indongo Gardens, Dr Frans Indongo Street, Windhoek, Namibia

Intertek Testing Services Pacific Limited
2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

Intertek Testing Services Peru S.A.
Jr. Mariscal Jose de la Mar No. 200 Urb., Res. El Pino, San Luis, Lima, Peru

Intertek Testing Services Philippines, Inc.
Intertek Building, 2307 Chino Roces Avenue Extension, Metro Manila, Makati City, 1231, Philippines

Intertek Testing Services Taiwan Limited
8F No. 423 Ruiguang Rd, Neihu District, Taipei, 11492, Taiwan

Intertek Testing Services Tianjin Limited
1-6/F, Block B, No. 7 Guiyuan Road, Hi-Tech Pack, Tianjin, China

Intertek Testing Services Zhejiang Ltd
Building No.2, Juanhu Science and Technology Innovation Park, No. 500 East Shuiyueting Road, Haining City, Zhejiang Province, China

Intertek Timor, S.A.
Hotel Timor, Colmera, Vera Cruz, Dili, Timor-Leste

Intertek Training Malaysia Sdn. Bhd.
6-L12-01, Level 12, Tower 2, Menara PGRM, No. 6 & 8 Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia

Intertek Trinidad Limited
#91-92 Union Road, Marabella, Trinidad and Tobago

Intertek UK Holdings Limited
Intertek Ukraine (xvii)
Chernomorskogo Kazachestva, 115, Office 507, Odessa, 65003, Ukraine

Intertek USA Finance LLC
c/o CSC Services of Nevada, Inc., 2215-B Renaissance Dr, Las Vegas NV 89919, United States

Intertek Vietnam Limited
3rd & 4th floor, Au Viet Building, No. 01 Le Duc Tho Str., Mai Dich Ward, Cau Giay District, Hanoi City, Vietnam

Intertek West Africa SARL
Rue du Canal de Vridi Face Appontement, SIAP, Abidjan, 15 BP 882, Côte d'Ivoire

Intertek West Lab AS
Oljevegen 2, 4056 Tananger, Norway

Intertek Genalysis SI Limited
c/o Baoro & Associates, Top Floor, Y. Sato Building, Point Cruz, Honiara, Solomon Islands

ITS (PNG) Limited
Section 27 Allotment 27, Voco Point, Lae, Morobe Province, Papua New Guinea

ITS (Subic Bay), Inc.
Area 8 – 10, Lots 11/12 Boton Wharf, Argonaut Highway, Subic Bay, Freeport Zone, Olongapo City, Philippines

ITS Hong Kong NA, Limited (i)
2/F Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

ITS Labtest Bangladesh Limited
Phoenix Tower, Plot – 407 (3rd Floor), Tejgaon I/A, Dhaka, Bangladesh

ITS Testing Holdings Canada Limited
9000 Bill Fox Way, Suite 105, Burnaby, British Columbia, V5J 5J3, Canada

ITS Testing Services (UK) Limited
ITS Testing Services Co. LLC
Ras Tanura KSA, PO Box 216, 31941, Saudi Arabia

JLA Brasil Laboratório de Análises de Alimentos S.A.
Rua Carlos Tosin, 860, sala 1, Distrito Industrial, Distrito Industrial, Estado de São Paulo, Brazil

KJ Tech Services GmbH (xii)
Kirschberg 20, 64347, Griesheim, Germany

Laboratorio Fermi S.A. de C.V.
Jacarandes #15, San Clemente, Alvaro Obregon, Ciudad de Mexico, C.P. 01740, Mexico

Laboratorios ABC Química, Investigación y Análisis, S.A. de C.V. (xiii)
Jacarandas #19, San Clemente, Alvaro Obregón, Ciudad de Mexico, C.P. 01740, Mexico

Laboratory Services International Rotterdam B.V.
Pittsburghstraat 9, 3047 BL, Rotterdam, The Netherlands

Labtest International Inc.
545 E. Algonquin Road, Arlington Heights, IL 60005, United States

Lintec Testing Services Limited
Louisiana Grain Services, Inc. (i)
c/o CT Corp, 8550 United Plaza Blvd, Baton Rouge LA 70809, United States

Mace Land Company, Inc.
3114 Scarboro Road, Street, MD 21154, United States

Management & Industrial Consultancy (i)
59 Road No.104, Second Floor, Maadi, Cairo, Egypt

Management Systems International Limited (i)
Materials Testing & Inspection Services Limited (ii)
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Materials Testing Lab, Inc.
145 Sherwood Avenue, Farmingdale NY 11735, United States

McPhar Geoservices (Philippines) Inc. (i)
Building 7 & 8 Philcrest 1 Compound, Km23 West Service Road, Bo. Cupang, Muntinlupa City, Philippines

Notes to the financial statements Continued

Melbourn Scientific Limited
Melbourn Scientific, Saxon Way, Melbourn, Hertfordshire, Royston, SG8 6DN, United Kingdom

Metoc Limited
Midwest Engineering Services, Inc.
CT Corporation System, 8020 Excelsior Dr., Suite 200, Madison WI 53717, United States

Moody (Shanghai) Consulting Co., Ltd
Room 403, No.5-6, Lane 1218, Wanrong Road, Jing 'an District, Shanghai, China

Moody Energy Technical Service Co Ltd
Suite B2206 Dongyu Building, A1 Shuguangxili, Chaoyang District, Beijing 100028, P. R. China

Moody International (Holdings) Limited (vii)
Moody International (India) Private Limited
E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

Moody International (Russia) Limited
Moody International Certification India Limited
E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

Moody International Holdings LLC (xv)
237 Stuart Road, Amelia, LA 70340, United States

Moody United Certification Limited (i)
2F, No. 5 Building, 912 Bibo Road, Pudong, Shanghai, 201203, China

MT Group LLC
145 Sherwood Avenue, Farmingdale NY 11735, United States

MT Operating of New Jersey, LLC (xv)
145 Sherwood Avenue, Farmingdale NY 11735, United States

MT Operating of New York, LLC (xv)
145 Sherwood Avenue, Farmingdale NY 11735, United States

N T A Monitor Limited
NDT Services Limited
Northern Territory Environmental Laboratories Pty Ltd (i)
544 Bickley Road, Maddington WA 6109, Australia

NTA Academy Limited (ii)
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

NTA Monitor (M) Sdn Bhd
No. 18-B, Jalan Kancil off Jalan Pudu, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia

Paulsen & Bayes-Davy Ltd
2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

Petroleum Services of Union Lab Sdn. Bhd.
Suite C-7-10 (B), Level 9, Block C, UE3 Corporate Offices, Menara Uncang Emas, No 85 Jalan Loke Yew, Taman Miharja, 55200 Kuala Lumpur, Malaysia

Pittsburgh Testing Laboratory Inc.
PSI, 850 Poplar Street, Pittsburgh PA 15220, United States

Profesionales Contables en Asesoría Empresarial y de Ingenieria S.A.S.
Calle 120, No. 45A – 32, Bogota, Colombia

Professional Service Industries (Canada) Inc. (i)
200 Bay Street, Suite 3800, Royal Bank Plaza, South Tower, Toronto ON M5J 2J7, Canada

Professional Service Industries, Inc.
545 E. Algonquin Road, Arlington Heights, IL 60005, United States

Professional Service Industries Holdings, Inc.
545 E. Algonquin Road, Arlington Heights, IL 60005, United States

PSI Acquisitions, Inc.
545 E. Algonquin Road, Arlington Heights, IL 60005, United States

PT. Moody Technical Services
Graha STR 3rd floor, Suite#302, Jl. Ampera Raya No. 11, Jakarta, 12550, Indonesia

PT. RCG Moody (i)
Graha STR 3rd floor, Suite#302, Jl. Ampera Raya No. 11, Jakarta, 12550, Indonesia

PT. SAI Global Indonesia
Graha Iskandarsyah Lantai 4, Jalan Iskandarsyah Raya Nomor 66-C, Kebayoran Baru, Jakarta, 12160, Indonesia

QMI-SAI Canada Limited
20 Carlson Court, Suite 200, Toronto ON M9W7K6, Canada

RCG Moody International Uruguay S.A.
Cerrito 507, 4th Floor, Off. 46, 47, Montevideo 11000, Uruguay

SAI Global (Thailand) Ltd
No 52/120, 3rd Floor, Grand Langsuam Condominium, Soi Langsuan, Phloenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand

SAI Global Assurance Learning Limited
SAI Global Assurance Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

SAI Global Assurance Services Limited
SAI Global Assurance Services sp. z o.o.
Oszczepników 4, 02-633 Warszawa, Poland

SAI Global Australia (China) Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

SAI Global Australia Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

SAI Global Certification Services Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

SAI Global CIS UK Limited

SAI Global Czech s.r.o. (ii)
Vodnická 325/1, Újezd, Prague 4, 149 00, Czech Republic

SAI Global GmbH
Friedrich-Ebert-Anlage 36, 60325 Frankfurt am Main, Germany

SAI Global GP
205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

SAI Global, Inc.
615 South DuPont Highway, Dover, DE 19901, United States

SAI Global Italia S.R.L.
Corso Tazzoli 235/3, CAP 10137, Turin, Italy

SAI Global Korea Co., Ltd
(Dangjeong-dong, Intertek Building) 3, Gongdan-ro 160beon-gil, Gunpo-si, Gyeonggi-do, Seoul, South Korea

SAI Global Mexico, S. de R.L. de C.V
Monte Everest #615, Lomas de Chapultepec, Ciuda de Mexico, Distrito Federal, 11000, Mexico

Notes to the financial statements Continued

SAI Global Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

SAI Global SARL
29 Rue du Pont, 92200 Neuilly-sur-Seine, France

SAI Global UK Holdings Limited

SAI Global US Holdings, Inc.
205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

Schindler & Associates (L.C.) (i) (xv)
24900 Pitkin Road, Suite 200, The Woodlands TX 77386, United States

Shanghai Orient Intertek Testing Services Company Limited
3F, No 15-16, Lane 1988 Changzhong Road, Shanghai, China

Shanghai Tianxiao Investment Consultancy Company Limited
Room 502, No.5-6, 1218 WanRongRoad, 200070, Shanghai, China

Technical Company for Testing and Conformity Services & Systems LLC
Gates No. 1/2/6, Building 73/ Area 903, Karadah, Al Rusafa, Baghdad, Iraq

Testing Holdings Sweden AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Tourcheck Limited (ii)
CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Tradegood.com International Limited(i)
2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

Van Sluys & Bayet NV
Kruisschansweg 11, 2040 Antwerp, Belgium

White Land Company, Inc.
3114 Scarboro Road, Street, MD 21154, United States

Wilson Inspection X-Ray Services, Inc.
Michael E Wilson, 6010 Edgewater Dr., Corpus Christi TX 78412, United States

Wisco SE Asia PTE Limited (i)
3 Irving Road #05-01 to 05, Tai Seng Centre, 369522, Singapore

Youngever Holdings Ltd
Ritter House, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands

Related undertakings where the effective interest is less than 100%

Caleb Brett Abu Dhabi LLC (49.0%) (xix)
CB UAE (Private) Ltd, c/o Al Nahiya Group, PO Box 3728, Abu Dhabi, United Arab Emirates

CQC-SAI Management Technologies (Beijing) Co., Ltd (70%)
Level 21, Suite 2101-2103A, Beijing AVIC Building, No 10B, East 3rd Ring Road, Chaoyang Dist, Beijing, P.R.China, 100022

Euro Mechanical Instrument Services LLC (49.0%)
PO Box 46153, Abu Dhabi, United Arab Emirates

International Inspection Services LLC (70.0%) (xix)
PO Box 193, Al Hamriyah, Muscat, PC 131, Oman

Intertek (Qeshm Island) Limited (51.0%)
Unit 107, Goldis Building, Valiasr Boulevard, Qeshm Island, Islamic Republic of Iran

Intertek Angola LDA (99.0%)
282 Rua Amilcar Cabral no.147 2nd floor, Apartment Z, Luanda, Angola

Intertek Caleb Brett Tzn Limited (75%)
Plot number 5, Minizani str.-Opposite Roman Catholic Church, Kilwa Road, Kurasini Temeke, Dar Es Salaam, 15109, United Republic of Tanzania

Intertek Certification International Sdn. Bhd. (40%)
6-L12-01, Level 12, Tower 2, Menara PGRM, No. 6 & 8 Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia

Intertek Engineering Service Shanghai Limited (90%)
Room 301-6, No.14, Lane 1401, JiangChang Road, Jing 'an District, Shanghai, China

Intertek Engineering Services (Wuhu) Ltd (90%)
No. 65 Chang Ye Street, YinHu District, Wuhu, China

Intertek ETL SEMKO KOREA Limited (90.0%)
5F, Intertek building, Gongdan-ro, 160beon-gil 3, Gunpo-si, Gyeonggi-do, 15845, South Korea

Intertek Global International LLC (49%)
Building 242, Office No.3, C-Ring Road, Doha, PO Box 47146, Qatar

Intertek GM Testing Service Zhuhai Co., Ltd (70.0%)
6F of Research and Development Building, Guangdong-Macau TCM Park Commercial Service Center, 2682 Huan Dao Bei Road, Hengqin New Area, Zhuhai, Guangdong China

Intertek Industry Services (PTY) LTD (69.9%)
3 EL Wak Street, Vereeniging, 1930, Gauteng, South Africa

Intertek Industry Services Colombia Limited (99.0%)
Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia

Intertek Inspection (Malaysia) Sdn. Bhd. (40%) (xi)
D-28-3, Level 28, Menara Suezcap 1, No. 2 Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, Malaysia

Intertek Kimsco Co., Ltd (50.0%)
9F, Hansan Building, 115, Seosomun-ro, Jung-gu, Seoul, 04515, South Korea

Intertek Lanka (Private) Limited (70.0%)
Intertek House, No: 282, Kaduwela Road, Battaramulla, Sri Lanka

Intertek Libya Technical Services and Consultations Company Spa (65.0%)
P.O Box 3788, Hay Alandalus, Gargaresh, Tripoli, Libya

Intertek Life Bridge (Shanghai) Testing Services Co., Ltd (80.0%)
4F, No.6 BLD,Lane 1218,Wanrong Road, Shanghai, China 200070

Intertek Ltd (99.9%)
Borco Administration Bldg, West Sunrise Highway, Freeport, Grand Bahama, The Bahamas

Intertek – QNP LLP (xvii) **(51.0%)**
Building 2A, Abay street, Atyrau City, 060002, Kazakhstan

Intertek Robotic Laboratories Pty Limited (50.0%)
544 Bickley Road, Maddington WA 6109, Australia

Intertek South Africa Holdings (Pty) Ltd (75.0%)
5th Floor, Charter House, 13 Brand Road, Glenwood, Kwazulu-Natal, South Africa

Intertek Test Hizmetleri Anonim Sirketi (85.0%)
Merkez Mahallesi, Sanayi Cad. No.23, Altindag Plaza, Yenibosna-34197, Istanbul, Turkey

Intertek Testing Services (South Africa) (Proprietary) Limited (49.5%)
5th Floor, Charter House, 13 Brand Road, Glenwood, Durban, South Africa

Intertek Testing Services Korea Limited (50.0%)
1st Fl., Aju Digital Tower, 284-56, Seongsu-dong 2-ga, Seongdong-gu, Seoul 133-120, South Korea

Notes to the financial statements Continued

Intertek Testing Services Nigeria Limited (60.0%)
No. 2 Bombay Crescent, Apapa, Lagos, Nigeria

Intertek Testing Services Sichuan Co., Ltd (90.0%)
No 1, Jiuxiang Blvd, Pharmacy Industry Park, Luzhou National High Technology District, Sichuan, China

Intertek Testing Services Wuxi Ltd (70.0%)
1/F, No.8 Fubei Road, Xishan Economic Development Zone, Wuxi, Jiangsu, 214101, China

ITS Caleb Brett Deniz Survey A S (xviii) (50.0%)
Ulus Mah. Oz Topuz cad. no.32, Besiktas, Istanbul, 34340, Turkey

ITS Testing Services (M) Sdn Bhd (74.0%)
Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

ITS Testing Services Holdings (M) Sdn Bhd (49.0%)
Unit 30-01 Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

Moody International Angola Ltda (i) (xvi) (78.6%)
Rua de Macau, Edifico ex Edil Apto 1, Res de Chao Esq. C.P 215, Cabinda, Angola

Moody International Bangladesh Limited (99.9%)
House 6, Road 17/A, Block E, Ground Floor, Banani, Dhaka, 1213, Bangladesh

Moody International Holdings Chile Ltda (99.0%)
Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

Moody International Lanka (Private) Ltd (99.9%)
no.5, St Albans Place, Colombo-4, Sri Lanka

Moody International Philippines, Inc. (i) (92.5%)
Intertek Building, 2310 Chino Roces Avenue Extension, Metro Manila, Makati City, 1231, Philippines

PT Citrabuana Indoloka (xviii) (50.0%)
Jl. Raya Bogor KM 28, RT/RW. 04/07, Kel. Pekayon, Kec. Pasar Rebo, Jakarta Timur, 13710, Indonesia

PT. Global Assurance Services (ii) (99.8%)
Graha Iskandarsyah Raya No.66-C, Jakarta, 12160, Indonesia

PT. Intertek Utama Services (xviii) (49.0%)
Jl. Raya Bogor KM. 28, RT/RW. 04/07, Kel. Pekayon, Kec. Pasar Rebo, Jakarta Timur, 13710, Indonesia

Qatar Calibration Services LLC (49.0%)
Petrotec, PO Box 16069, 8th Floor, Toyota Tower, Doha, Qatar

RCG Moody International de Venezuela S.A. (i) (99.0%)
Res Morgana, p_4, #04, Av.Andres Bello, Fco de Miranda, Los Polos Grandes, Caracas, Venezuela

SAI Global (Cyprus) Holdings Limited (60.0%)
1 Lampousas Street, 1095 Nicosia, Cyprus

SAI Global Eurasia Limited (60.0%)
19 Lit A, 7 Quarter River Wolves, 192102 St. Petersburg, Russian Federation

SAI Global Japan Kabushiki Kaisha (68.0%)
MK Bldg. 8F, 2-28-22 Shiba, Minato-ku Tokyo, Japan

Shanghai Moody Management & Technical Services Co. Ltd (i) (90.0%)
Room 225, No. 14 at Lane No. 1700 Luo Shan Road, Shanghai, China

Société SAI Global Tunisia SARL (75.0%)
67, Avenue Alain Savary, Cite les Jardins 2 Bloc A, Tunis, Tunisia

Société Tunisienne Intertek Caleb Brett SARL (51.0%)
67 rue Ech-Chem, Tunis, 1002, Tunisia

Associates

Intertek Geronimo JV Limited (i) (48.9%)
1, North Industrial Area, Klan Street, Accra, Ghana

Lynx Diagnostics Inc. (xviii) (50.0%)
#220, 8 Perron Street, St Albert AB T8N 1E4, Canada

Moody International Certification Ltd (40.0%)
53, Nautic, Triq l-Ortolan, San Gwann, SGN 1943, Malta

Moody International Morocco (30.0%)
28, Rue de Provins, 2 eme etage, Casablanca, Morocco

Moody International SA (35.0%)
4 Rue Des Brasseurs, Zone 3 Abidjan, Côte d'Ivoire

(i) Dormant.
(ii) In Liquidation/Strike off requested.
(iii) Ownership held in class A and B common shares
(iv) Ownership held in class A and E shares.
(v) Ownership held in class A, B, C, D and E common shares.
(vi) Ownership held in class A, B, C, D, E and F shares.
(vii) Ownership held in ordinary and ordinary-A shares.
(viii) Ownership held in ordinary, ordinary-A, ordinary-B and deferred shares.
(ix) Ownership held in ordinary and preference shares.
(x) Ownership held in ordinary and redeemable shares.
(xi) Ownership held in ordinary and redeemable preference shares.
(xii) Ownership held in No.1, No.2.1 and No.2.2 shares.
(xiii) Ownership held in class I Series B shares and class II Series B shares.
(xiv) Ownership held in ordinary bearer shares.
(xv) Ownership held in membership units.
(xvi) Ownership held in quota capital shares.
(xvii) Ownership held in charter capital.
(xviii) Intertek shares joint control over the company under a shareholders' agreement.
(xix) The Group obtains 99% of the economic benefit of the company.

Intertek Group plc – Company balance sheet

As at 31 December	Notes	2021 £m	2020 £m
Fixed assets			
Investments in subsidiary undertakings	(E)	347.3	342.2
Current assets			
Debtors due within one year	(F)	408.1	420.5
		408.1	420.5
Cash at bank and in hand		1.1	0.9
		409.2	421.4
Creditors due within one year			
Other creditors	(G)	(5.5)	(6.6)
		(5.5)	(6.6)
Net current assets		**403.7**	414.8
Total assets less current liabilities		**751.0**	757.0
Net assets		**751.0**	757.0
Capital and reserves			
Called up share capital	(H)	1.6	1.6
Share premium	(H)	257.8	257.8
Profit and loss reserves	(H)	491.6	497.6
Shareholders' funds		**751.0**	757.0

The profit for the financial year was £163.2m (2020: £222.4m).

The financial statements on pages 218 to 222 were approved by the Board on 28 February 2022 and were signed on its behalf by:

André Lacroix
Chief Executive Officer

Jonathan Timmis
Chief Financial Officer

Company number: 04267576

Intertek Group plc – Company statement of changes in equity

	Notes	Share capital £m	Share premium £m	Profit and loss reserves £m	Total equity £m
At 1 January 2020		1.6	257.8	447.6	707.0
Total comprehensive income for the year					
Profit	(B)	–	–	222.4	222.4
Total comprehensive income for the year		–	–	222.4	222.4
Transactions with owners of the company recognised directly in equity					
Contributions by and distributions to the owners of the Company					
Dividends paid	(D)	–	–	(170.4)	(170.4)
Purchase of own shares		–	–	(12.2)	(12.2)
Tax paid on Share Awards vested		–	–	(7.5)	(7.5)
Equity-settled transactions	(E)	–	–	17.7	17.7
Total contributions by and distributions to the owners of the Company		–	–	(172.4)	(172.4)
At 31 December 2020		1.6	257.8	497.6	757.0
At 1 January 2021		1.6	257.8	497.6	757.0
Total comprehensive income for the year					
Profit	(B)	–	–	163.2	163.2
Total comprehensive income for the year		–	–	163.2	163.2
Transactions with owners of the company recognised directly in equity					
Contributions by and distributions to the owners of the Company					
Dividends paid	(D)	–	–	(170.6)	(170.6)
Purchase of own shares		–	–	(11.4)	(11.4)
Tax paid on Share Awards vested		–	–	(5.8)	(5.8)
Equity-settled transactions	(E)	–	–	18.6	18.6
Total contributions by and distributions to the owners of the Company		**-**	**-**	**(169.2)**	**(169.2)**
At 31 December 2021		**1.6**	**257.8**	**491.6**	**751.0**

Notes to the Company financial statements

(A) Accounting policies – Company

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') in conformity with the requirements of the Companies Act 2006.

These financial statements have been prepared on a historical cost basis. The Company continues to adopt the going concern basis of accounting in preparing these financial statements. Further detail on going concern can be found in note 1 to the Group financial statements.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements UK-adopted International Accounting Standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements are presented in sterling, which is the functional currency of the Company. All information presented in sterling has been rounded to the nearest £0.1m.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new, but not yet effective, IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- disclosures in respect of the compensation of Key Management Personnel; and
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures* on the basis that the consolidated financial statements include the equivalent disclosures.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of IFRS 2 *Share-Based Payment* in respect of Group-settled share-based payments.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Foreign currencies

Transactions in foreign currencies are recorded to the Company's functional currency, sterling, using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. All foreign exchange differences are taken to the profit and loss account.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Dividends on shares presented within shareholders' funds

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established. Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provisions for impairment.

Intercompany financial guarantees

When the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies in the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability, until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Share-based payments

Intertek Group plc runs a share ownership programme that allows Group employees to acquire shares in the Company. Details of the share schemes are given in note 17 of the Group financial statements.

Investments impairment review

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Estimates are used in determining the level of investment that will not, in the opinion of the Directors be recoverable.

Notes to the Company financial statements Continued

Recoverability of receivables

Amounts owed by Group undertakings are recognised initially at the value of the invoice or loan raised and subsequently at the amounts considered recoverable (amortised cost). Estimates are used in determining the level of receivables that will not, in the opinion of the Directors be collected. The Company applies the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all receivables. The provision calculations are based on a review of all receivables to see if there are specific circumstances which would render the receivable irrecoverable and therefore require a specific provision.

Significant new accounting policies and standards

No significant new accounting policies or standards were adopted in the year ending 2021.

(B) Profit and loss account

Amounts paid to the Company's auditors and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis. The Company does not have any employees (2020: nil).

Details of the remuneration of the Directors are set out in the Remuneration report.

(C) Use of judgements and estimates

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below. There are no critical estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year.

Key Estimations and Uncertainties

There are no critical accounting judgements or estimates.

(D) Dividends

The aggregate amount of dividends comprises:

	2021 £m	2020 £m
Final dividend paid in respect of prior year but not recognised as a liability in that year	115.5	115.3
Interim dividends paid in respect of the current year	55.1	55.1
Aggregate amount of dividends paid in the financial year	**170.6**	170.4

The aggregate amount of dividends proposed and recognised as liabilities as at 31 December 2021 is £nil (2020: £nil). The aggregate amount of dividends proposed and not recognised as liabilities as at 31 December 2021 is £115.6m (2020: £115.6m).

(E) Investment in subsidiary undertakings

	2021 £m	2020 £m
Cost and net book value		
At 1 January	342.2	339.6
Additions due to share-based payments	18.6	17.7
Recharges of share-based payments to subsidiaries	(13.5)	(15.1)
At 31 December	**347.3**	342.2

The Company has made Share Awards to the employees of its directly and indirectly owned subsidiaries, and as such, the Company recognises an increase in the cost of investment in subsidiaries of £18.6m (2020: £17.7m). Details of the principal operating subsidiaries are set out in note 23 to the Group financial statements.

The Company had two direct subsidiary undertakings at 31 December 2021: Intertek Testing Services Holdings Limited and Intertek Holdings Limited, both of which are holding companies, are incorporated in the United Kingdom and registered in England and Wales. All interests are in the ordinary share capital and all are wholly owned. In the opinion of the Directors, the value of the investments in subsidiary undertakings is not less than the amount at which the investments are stated in the balance sheet.

There is no impairment to the carrying value of these investments (2020: £nil).

Notes to the Company financial statements Continued

(F) Debtors

	2021 £m	2020 £m
Amounts owed by Group undertakings – due within one year	408.1	420.5
Total debtors	**408.1**	420.5

The amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. A mixture of the amounts due are interest bearing and interest free.

(G) Creditors due within one year

	2021 £m	2020 £m
Amounts owed to Group undertakings	**5.5**	6.6

The amounts owed to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. A mixture of the amounts due are interest bearing and interest free.

(H) Statement of changes in equity

Details of share capital are set out in note 15 and details of share-based payments are set out in note 17 to the Group financial statements.

A profit and loss account for Intertek Group plc has not been presented as permitted by Section 408 of the Companies Act 2006. The profit for the financial year, before dividends paid to shareholders of £170.6m (2020: £170.4m), was £163.2m (2020: £222.4m) which was mainly in respect of dividend income in relation to 2021.

The Company has sufficient distributable reserves to pay the 2021 final dividend and the anticipated 2022 interim dividend. When required, the Company can receive additional dividends from its subsidiaries to further increase distributable reserves.

The Group settled in cash the tax element of the Share Awards vested in 2021 amounting to £6.7m (2020: £8.5m) of which the Company settled £5.8m (2020: £7.5m).

During the year ended 31 December 2021, the Company purchased, through its Employee Benefit Trust, 216,310 (2020: 225,165) of its own shares with an aggregate nominal value of £2,163 (2020: £2,252) for £11.4m (2020: £12.2m) which was charged to profit and loss reserves.

(I) Related party transactions

Details of related party transactions are set out in note 21 of the Group financial statements.

(J) Contingent liabilities

The Company is a member of a group of UK companies that are part of a composite banking cross-guarantee arrangement. This is a joint and several guarantee given by all members of the Intertek UK cash pool, guaranteeing the total gross liability position of the pool which was £0.4m at 31 December 2021 (2020: £4.0m).

From time to time, in the normal course of business, the Company may give guarantees in respect of certain liabilities of subsidiary undertakings.

(K) Subsequent events

Details of post-balance sheet events relevant to the Company and the Group are given in note 18 of the Group financial statements.

Independent auditors' report
to the members of Intertek Group plc

Report on the audit of the financial statements

Opinion
In our opinion:
- Intertek Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the 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.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the consolidated statement of financial position and company balance sheet as at 31 December 2021; the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Directors' Report, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach
Overview
Audit scope
- We performed full scope audit procedures over 59 legal entities and performed specific audit procedures on a further 6 entities, covering 29 territories in total.
- Taken together, the entities over which audit work was performed accounted for 79% of the group's revenue and 85% of the group's statutory profit before tax.

Key audit matters
- SAI Global Assurance acquisition accounting in relation to the valuation of intangible assets (group)
- Impairment of goodwill and other intangible assets (group)
- Valuation of defined benefit pension scheme liabilities (group)
- Uncertain tax positions (group)
- Impairment of investments in subsidiary undertakings (parent)

Materiality
- Overall group materiality: £20,650,000 (2020: £19,700,000) based on 5% of profit before tax (2020: 5% of the weighted average profit before tax of 2018-2020).
- Overall company materiality: £7,500,000 (2020: £7,600,000) based on 1% of total assets.
- Performance materiality: £15,450,000 (2020: £14,775,000) (group) and £5,625,000 (2020: £5,700,000) (company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

SAI Global Assurance acquisition accounting in relation to the valuation of intangible assets and Impairment of investments in subsidiary undertakings are new key audit matters this year. Impact of COVID-19 and Completeness and valuation of customer claims, which were key audit matters last year, are no longer included because of a reduction in the level of estimation uncertainty associated with the future impact of COVID-19 and resulting impact on the amounts presented in the financial statements and due to there not being any significant liabilities in relation to customer claims in recent years. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report Continued

Key audit matter	How our audit addressed the key audit matter
SAI Global Assurance acquisition accounting in relation to the valuation of intangible assets (group) Refer to the Audit Committee report on page 130 and to note 10 in the financial statements. The group acquired SAI Global Assurance group of companies on 7 September 2021, for consideration (net of cash acquired) of £450.1 million. Management engaged an external expert to support them with the fair valuation of the acquired intangibles. Acquired intangible assets of £99.6 million were identified and recognised in respect of this acquisition. These included customer relationships (£59.7 million), brands (£33.9 million) and other identifiable intangibles (£6.0 million). The determination of the fair value of these intangibles involves a significant level of estimation, particularly around future cash flows and involves making key assumptions of revenue growth rates, margins, discount rate, customer attrition rate and long-term growth rates. In making such future assumptions there is an inherent level of estimation uncertainty and subjectivity.	We validated the mathematical accuracy of management's models and appropriateness of the methodologies used to determine the fair values, with support from our internal valuation experts. We obtained an understanding of the assumptions used to determine these estimates and identified the following key assumptions: – Discount rates: We engaged our valuation experts to challenge the reasonableness of the discount rates using comparable market data. – Forecast revenue growth rates and margins: We compared the assumptions in respect of forecast revenue growth rates and margins with historical trading experience; obtained market evidence on the forecasts through our own independent research; examined actual trading performance post acquisition; and compared the forecasts to the Board approved budget and five-year forecast. – Customer attrition rates: In respect of the customer relationship intangible asset, we challenged management on the customer attrition rate assumption and forecast cash flows. We considered an alternate customer attrition profile through independent modelling based on historical customer sales with the support of our valuation experts. Our independent modelling validated management's estimate of the fair value. We assessed management's estimate of the fair values of the acquired intangibles and the related disclosures and concluded that these were appropriate.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and other intangible assets (group) Refer to the Audit Committee report on page 130 and to note 9 in the financial statements. The group had £1,241.4 million of goodwill and a further £358.5 million of other intangible assets recognised on the balance sheet at 31 December 2021. The potential impairment of goodwill and other intangible assets is dependent on future cash flows of the underlying Cash Generating Units ("CGUs") and there is a risk that, if these cash flows are not sufficient to support the carrying value, the assets may be impaired. Accounting standards require management to perform an annual assessment of the carrying value of goodwill, and other intangible assets are assessed where there are indications that they are impaired. As this assessment is based on the future value in use, and a significant amount of value is based on the value to perpetuity of the CGUs, future cash flows must be estimated, which can be highly judgemental and could significantly impact the carrying value of the assets.	We evaluated management's cash flow forecasts and understood the process by which they were determined and approved. This included confirming that the forecasts were consistent with the latest Board approved budgets and checking the methodology and mathematical accuracy of the underlying calculations, with no exceptions identified. We evaluated the inputs included in the value in use calculations and challenged the key assumptions, particularly for the higher risk CGU, Caleb Brett, by obtaining evidence including in respect of: – the growth rates used in the cash flow forecasts by comparing them with historical results, external forecasts and our understanding of the business; – using our internal valuation experts to evaluate the discount rate by comparing the cost of capital for the group with comparable organisations; and – the long-term growth rates by comparing these with publicly available market data on projected growth rates in key territories such as the UK, USA and China. We performed sensitivity analyses around these assumptions. We also challenged the extent to which climate change considerations had been reflected, as appropriate, in management's impairment assessment process. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for an impairment to arise, we considered the likelihood of such a movement occurring. Our testing did not identify any indicators of impairment and confirmed that it would require significant downside changes before any impairment would be triggered. In addition, we assessed the appropriateness of the CGUs used in the impairment assessment, the useful economic lives of the other intangible assets and the related disclosures and concluded that these were appropriate.

Independent Auditors' Report Continued

Key audit matter	How our audit addressed the key audit matter
Valuation of defined benefit pension scheme liabilities (group) Refer to the Audit Committee report on page 130 and to note 16 in the financial statements. The group had gross pension liabilities of £154.0 million and a net surplus of £1.4 million recognised on the balance sheet at 31 December 2021. The valuation of pension liabilities involves the exercise of judgement and technical expertise in choosing appropriate actuarial assumptions such as the discount rate, inflation level, mortality rates and salary increases. Management engaged external actuarial experts to assist them in selecting appropriate assumptions and to calculate the liabilities. The methodologies and assumptions utilised are judgemental and could significantly impact the magnitude of the liabilities recognised.	We utilised our internal actuarial experts to evaluate whether the assumptions and methodology used in calculating the pension liabilities were reasonable, by: – Assessing whether salary increases and mortality rate assumptions were reasonable based on the consideration of the specifics of each plan, pension plans of similar maturity to the group's and industry benchmarks; – Evaluating the consistency of the discount and inflation rate assumptions with our internally developed benchmarks based on national data; and – Reviewing the methodology and calculations prepared by external actuaries to assess their appropriateness and the consistency of the assumptions used. Based on our procedures, we concluded that the key assumptions utilised lay within acceptable ranges and that the methodology was appropriate. We assessed the related disclosures included in the group financial statements and concluded that these were appropriate.
Uncertain tax positions (group) Refer to the Audit Committee report on page 130 and to notes 6 and 22 in the financial statements. Provisions in relation to potential tax exposures are subject to judgement and involve estimation techniques that could influence the current tax positions. The group operates in a large number of jurisdictions, which increases the risk of non-compliance in relation to transfer pricing considerations relating to intercompany financing, management recharges and trading transactions. The individually largest uncertain tax position within the group has previously been in relation to EU State Aid where a contingent liability of £16.3m had been disclosed. As set out in note 22 this has been resolved during the year.	We involved our internal tax specialists in our testing of the appropriateness of the techniques, estimates and judgements taken over current tax balances in relation to the transfer pricing risk. In so doing, we evaluated: – Third party tax advice received by the group; – The status of recent and current tax authority audits and enquiries; – The outturn of previous claims; – Judgemental positions taken in tax returns and current year estimates; and – Management's methodology, calculations and assumptions utilised in provisions recorded, or rationale for not recording a provision. The procedures above did not identify any material issues with regards to the valuation of current and deferred tax balances.

Key audit matter	How our audit addressed the key audit matter
Impairment of investments in subsidiary undertakings (parent) Refer to note E in the financial statements. The parent company had £347.3 million of investments in subsidiary undertakings. There is a risk that the performance of the subsidiary undertakings is not sufficient to support the carrying value and the assets may be impaired. Management has performed an assessment of impairment indicators with none being identified.	We evaluated management's assessment of impairment indicators and considered the consistency with other audit procedures performed. We concluded management's view that no impairment indicators exist was reasonable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is split into three reporting segments: Products, Trade and Resources and the operations are spread across over 100 territories and approximately 600 legal entities. The results are not consolidated at a territory or regional level, so we determined that the most appropriate level at which to scope our audit was the legal entity level.

When determining our scope, the key financial measure used was profit before tax. Due to the disaggregation of the group's results across the various entities, we identified three individually financially significant legal entities, two within China and one within the United States. As a result, we instructed our component teams to perform audits of the complete financial information of these entities.

We considered the territories in which PwC are appointed statutory auditor. Of these, 22 territories (including China) accounted for the majority of external profit, and we therefore focused our considerations on these territories. Within these territories, we then excluded any legal entities with no external balances, such as intermediate holding companies, and those entities with highly immaterial revenue. This left 53 legal entities (including the two financially significant legal entities in China) for which we instructed our local teams to perform audits of the complete financial information for the purpose of the group audit. In addition, we performed full scope audit procedures over two head office legal entities.

In certain territories, notably the US, Canada and Brazil, there is no statutory audit requirement and so we considered whether procedures needed to be performed to supplement our coverage. We selected eight of the largest entities in the United States and Canada for full scope audits (including the financially significant component in the United States), representing those with the largest contribution to group profit, and a further legal entity in each of the United States and Brazil over which we performed specified procedures over the complete financial information.

We instructed a local audit firm to perform an audit of the complete financial information for one legal entity in Bangladesh for the purpose of the group audit.

We identified a further four legal entities in Japan, Colombia and Saudi Arabia over which we instructed specific audit procedures to be performed over revenue and receivables to supplement coverage over these key financial statement line items.

Independent Auditors' Report Continued

In total we performed procedures relating to 65 legal entities in 29 territories, which together accounted for 79% of the group's revenue and 85% of the group's profit before tax.

This, together with additional procedures performed at the group level (including audit procedures over business acquisitions, impairment assessments, defined benefit pension schemes, tax and consolidation adjustments), gave us the evidence we needed for our opinion on the financial statements as a whole.

Through our audit planning procedures we have made enquiries of management to understand the process they have adopted to assess the extent of the potential impact of climate change risk on the group's financial statements. Management's assessment is in the context of the new principal risk this year in relation to Sustainability, together with the additional disclosures included this year in the Annual Report on the impact of climate change on the future prospects of the business. Management considers that the impact of climate change does not give rise to a material financial statement impact. In response, we have used our understanding of the group to evaluate management's assessment; in particular we have considered how climate change risks would impact the assumptions made in the forecasts prepared by management used in their impairment analyses, as referenced in the key audit matter in relation to the impairment of goodwill and other intangible assets above.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£20,650,000 (2020: £19,700,000).	£7,500,000 (2020: £7,600,000).
How we determined it	5% of profit before tax (2020: 5% of the weighted average profit before tax of 2018-2020)	1% of total assets
Rationale for benchmark applied	We considered that the most appropriate benchmark on which to calculate materiality was the group's profit before tax. This year, current year profit before tax has been used as a benchmark instead of the three-year weighted average benchmark used in 2020 when performance was adversely impacted for a period by the COVID-19 pandemic.	These are a single set of company accounts for an entity which has no external revenue and takes advantage of the exemption offered under S408 of Companies Act 2006 not to present its income statement in its financial statements, which are presented alongside the group financial statements within the Annual Report. As a result, the determination of materiality was based on the total assets of this non-trading holding company within the group.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.4 million and £7.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £15,450,000 (2020: £14,775,000) for the group financial statements and £5,625,000 (2020: £5,700,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,100,000 (group audit) (2020: £900,000) and £1,100,000 (company audit) (2020: £900,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- An assessment of management's base case and severe but plausible scenarios, challenging the key assumptions;
- Considering the group's available financing, including related covenants, and maturity profile to assess liquidity through the assessment period;
- Testing the mathematical integrity of the forecasts and the models and reconciled these to Board approved budgets; and
- Performing our own independent sensitivity analysis to assess appropriate downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report Continued

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration
In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement
The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:
- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement 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 group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:
- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent Auditors' Report Continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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's and the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to fraud, anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent journal entries to manipulate the financial performance and management bias in significant accounting estimates in order to achieve management incentive scheme targets. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiry of management, those charged with governance and the group's legal counsel around actual and potential fraud and non-compliance with laws and regulations;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- Enquiry of group's staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Obtaining and understanding the results of whistleblowing procedures and assessing any related investigations;
- Enquiry of the group's Head of Internal Audit and reviewing internal audit reports; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 25 May 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 31 December 2016 to 31 December 2021.

Independent Auditors' Report Continued

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Graham Parsons
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 February 2022

Glossary – Alternative performance measures

Introduction
In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ('APMs'). These measures are not defined by UK-adopted international accounting standards. As adjusted results and measures include the benefits of certain separately disclosed items (as detailed in note 3), but exclude significant costs related to those items, they should not be regarded as a complete picture of the Group's financial performance, which is presented on the face of the Income Statement under Total results. The exclusion of these items may result in Adjusted operating profit being materially higher or lower than Total operating profit. In particular, where significant impairments, restructuring charges and legal costs are excluded in any year, Adjusted operating profit will be higher than Total operating profit.

Purpose
The Directors believe that APMs assist the user of the Annual Report and Accounts in providing useful information around trends, performance and the position of the Group between reporting periods and across operating divisions by adjusting for non-recurring factors assessing the Total results of the Group, as well as aiding users in understanding the Group's performance. APMs are commonly used by management for performance review, budget setting and forecasting across the Group.

Some of the metrics shown for the Group are translated at constant exchange rates. Constant rates compares both 2021 and 2020 figures at the average and year-end exchange rates for 2021, in order to remove the impact of currency translation from the Group's growth figures.

Changes to APMs
There have been no significant changes to the definitions of existing APMs or the APMs used by the Group in the year.

Reconciliations
Reconciliations between statutory and adjusted measures can be found in the Financial Review on page 30.

APM	Closest equivalent statutory measure	Adjustments to reconcile adjusted to statutory	Definition and purpose
Like-for-like revenue ('Lfl')	No direct equivalent	Acquisitions, business disposals and rebates (2020 only).	Including acquisitions following their 12-month anniversary of ownership and removing the historical contribution of any business disposals/closures. For 2020, Lfl revenue has been adjusted to present certain rebates net within revenue to permit comparability period to period where 2021 Lfl revenue is also presented net of rebates. Excluding acquisitions and disposals demonstrates the Group's performance for comparable operations year-on-year by removing any inflation of revenue in the current year or prior year contributed from new acquisitions or disposals.
Adjusted free cash flow	Net cash flows from operating activities	Includes cash flows from acquisition and sale of PPE, repayment of lease liabilities and interest received. Excludes the impact of cash flow SDIs.	Free cash flow includes net cash flows from operating activities and certain cash flows from investing activities and the repayment of lease liabilities. The following items are excluded: all other cash flows from financing activities. This measure reflects the cash available to shareholders. This is a key performance metric for the incentive scheme
Adjusted operating profit*	Statutory Operating profit*	Separately disclosed items (see note 3) including amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.	Adjusted operating profit is a key measure of Group's performance and is based on operating profit before the impact of separately disclosed items. These items relate to income or costs that are excluded from adjusted operating profit due to their nature or size to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis.

Glossary – Alternative performance measures Continued

APM	Closest equivalent statutory measure	Adjustments to reconcile adjusted to statutory	Definition and purpose
Adjusted operating margin	Statutory operating margin	As per Adjusted operating profit.	Adjusted operating profit divided by revenue, both before the impact of separately disclosed items. These items relate to income or costs that are excluded from adjusted operating profit due to their nature or size to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis.
Adjusted diluted earnings per share	Statutory Diluted Earnings per share	Separately disclosed items after tax (see note 3) including amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.	This metric relates to profit after tax before separately disclosed items divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of potentially dilutive shares. This is a key performance metric for the incentive scheme
Adjusted cash flow from operations	Cash flow from operations	Cash flows relating to separately disclosed items, as identified in the cash flow statement.	This excludes the impact of the cash flows relating to separately disclosed items to reflect the cash flows available during recurring operations.
Adjusted net financing costs	Statutory net finance costs	Changes in fair value of contingent consideration.	Adjusted net financing costs exclude income or costs that due to their nature or size provide the readers with a clear and consistent view of the business performance of the Group on a year-on-year basis.
Adjusted profit after tax	Statutory profit after tax	As per Adjusted profit and additionally any separately disclosed tax related items are excluded.	Adjusted profit after tax is based on profit after tax before the impact of separately disclosed items. These items relate to income or costs that are excluded from adjusted operating profit due to their nature or size to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis.
ROIC (based on adjusted profit)	No direct equivalent	Adjusted operating profit is the profit measure used in calculating ROIC.	Adjusted profit after tax (as defined above) divided by invested capital. This is a key performance metric for the incentive scheme.
Organic ROIC (based on adjusted profit)	No direct equivalent	Adjusted operating profit is the profit measure used in calculating organic ROIC, excluding acquisitions following their 12-month anniversary of ownership and removing the historical contribution of any business disposals/closures.	Adjusted profit after tax (excluding acquisitions as defined above) divided by invested capital (excluding invested capital in acquisitions).
Net financial debt	No direct equivalent	Total net debt less lease liabilities.	This measure shows the non-operational financial debt of the Group, excluding lease liabilities.
Adjusted EBITDA	Statutory EBITDA	Earnings before interest, tax, depreciation and amortisation and excluding separately disclosed items (see note 3) including amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.	This metric removes the impact of both separately disclosed items and interest, tax, depreciation and amortisation to provide a clear and consistent view of the business performance of the Group year-on-year at a level before the impact of some non-cash items and financing costs.

* Operating profit is presented on the Group income statement. It is not defined per IFRS, however, is a generally accepted profit measure.

Shareholders and corporate information

Shareholders' enquiries
Any shareholders with enquiries relating to their shareholding should, in the first instance, contact our Registrar, EQ (Equiniti), using the telephone number or the address below.

Electronic shareholders communications
Instead of receiving paper copies, shareholders can elect to receive communications by email each time the Company distributes documents. This can be done by registering for email communications at www.shareview.co.uk. In the event that you change your mind or require a paper version of any document in the future, please contact the Registrar.

Access to EQ Shareview allows shareholders to view details about their shareholdings, submit a proxy vote for shareholders meetings and notify a change of address. In addition to this, shareholders can complete dividend mandates online which facilitates the payment of dividends directly into a nominated bank account.

ShareGift
If you have a small shareholding which is uneconomical to sell, you may want to consider donating it to ShareGift, a share donation charity. Details of the scheme are available from:

ShareGift at www.sharegift.org
T: +44 (0) 20 7930 3737

Share price information
Information on the Company's share price is available at www.intertek.com.

Financial calendar

Financial year end	31 December 2021
Full Year results announced	1 March 2022
Annual General Meeting and Trading Update	25 May 2022
Ex-dividend date for final dividend	26 May 2022
Record date for final dividend	27 May 2022
Final dividend payable	17 June 2022
Half-Year results announced	29 July 2022
Ex-dividend date for interim dividend	15 September 2022
Record date for interim dividend	16 September 2022
Interim dividend payable	6 October 2022
Trading Update	24 November 2022

Investor relations
E: investor@intertek.com
T: +44 (0) 20 7396 3400

Registrars
EQ
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
T: 0371 384 2653 (UK)*
T: +44 121 415 0804 (outside UK)

* Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday, excluding bank holidays in England and Wales.

Independent Auditors
PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH
T: +44 (0) 20 7583 5000

Brokers
J.P. Morgan Cazenove
25 Bank Street, Canary Wharf, London E14 5JP
T: +44 (0) 20 7742 4000

Goldman Sachs International
Plumtree Court, 25 Shoe Lane, London EC4A 4AU
T: +44 (0) 20 7774 1000

Credit Suisse International
One Cabot Square, London,E14 4QJ
T: +44 (0) 20 7888 8888

Registered office
Intertek Group plc
33 Cavendish Square, London W1G 0PS
T: +44 (0) 20 7396 3400
www.intertek.com
Registered number: 04267576
ISIN: GB0031638363
LEI: 2138003GAT25WW1RN369
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INTERTEK GROUP PLC
33 Cavendish Square,
London, W1G 0PS
United Kingdom

Tel +44 20 7396 3400
info@intertek.com
intertek.com