

# 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.



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



🕒 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.

🕒 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.



### 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.

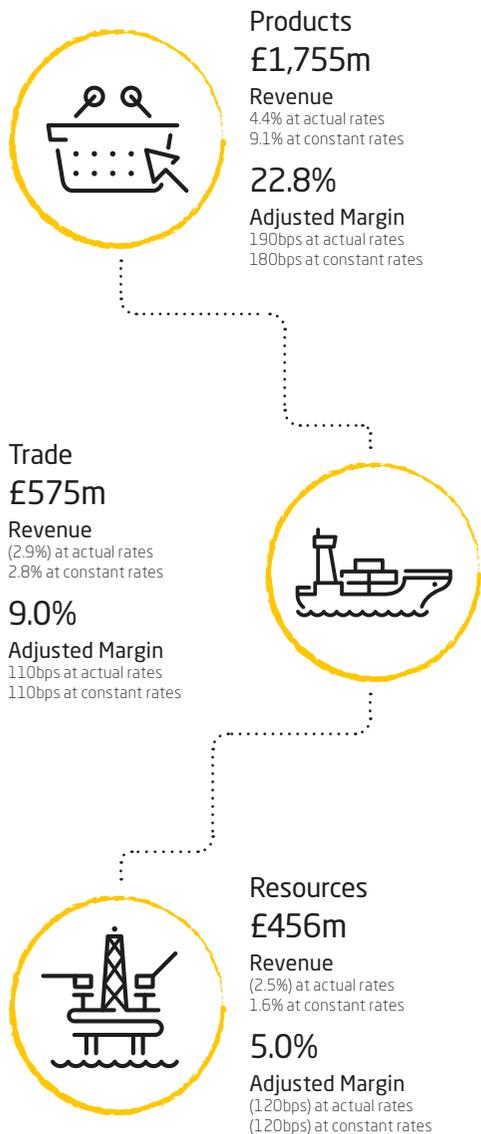
And it is thanks to the Science-based Customer Excellence of our people that we continue to be the global leader in risk-based Quality Assurance in one of the world's most exciting industries, the very attractive \$250 billion Quality Assurance market.

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



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.

Read more in the Operating Review on page 36

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**  
Lowering Emissions by Accelerating Forest Finance

[leafcoalition.org](https://leafcoalition.org)



[getnaturepositive.com](https://getnaturepositive.com)



[msci.com](https://msci.com)



[communicatemagazine.com/awards](https://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**

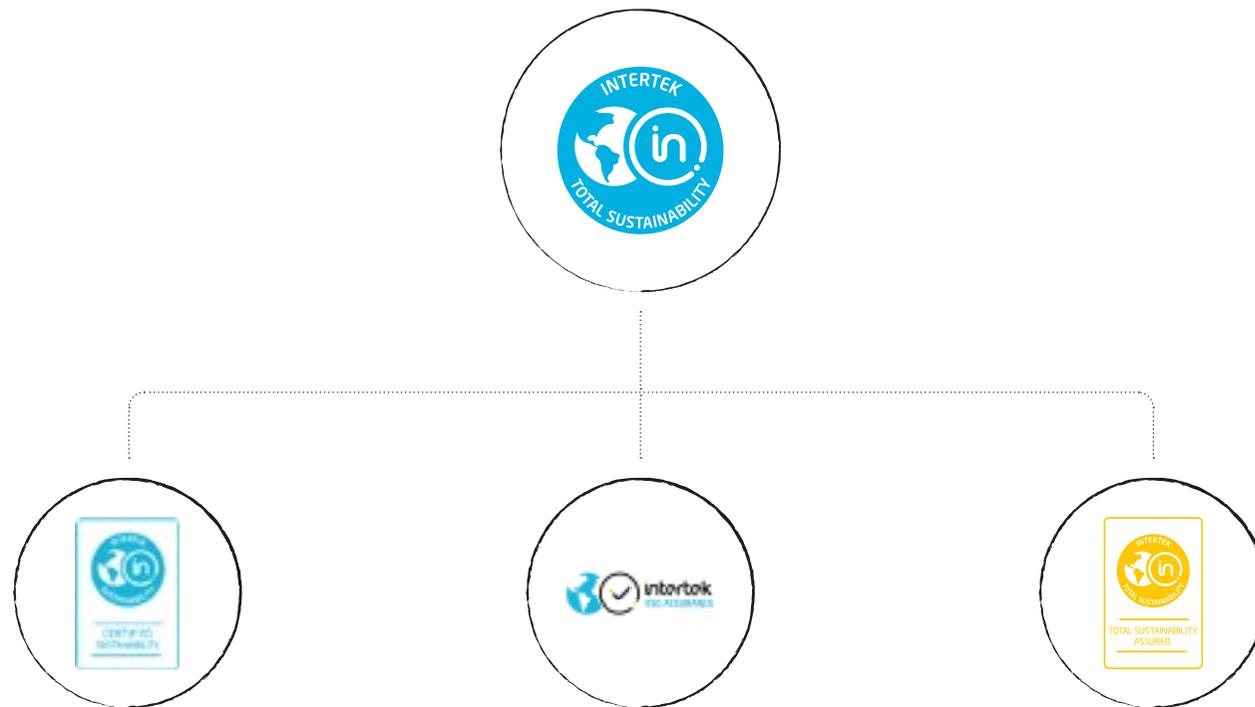
Our clients understand that they have to focus on operational and corporate sustainability matters, and they are asking us to deliver comprehensive solutions that address both aspects. With Intertek Total Sustainability Assurance, we deliver the independent end-to-end assurance our clients need on all 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](https://www.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](https://www.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](https://www.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**



**You can read more about our new Minerals Global Centre of Excellence on page 43**



**You can 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.

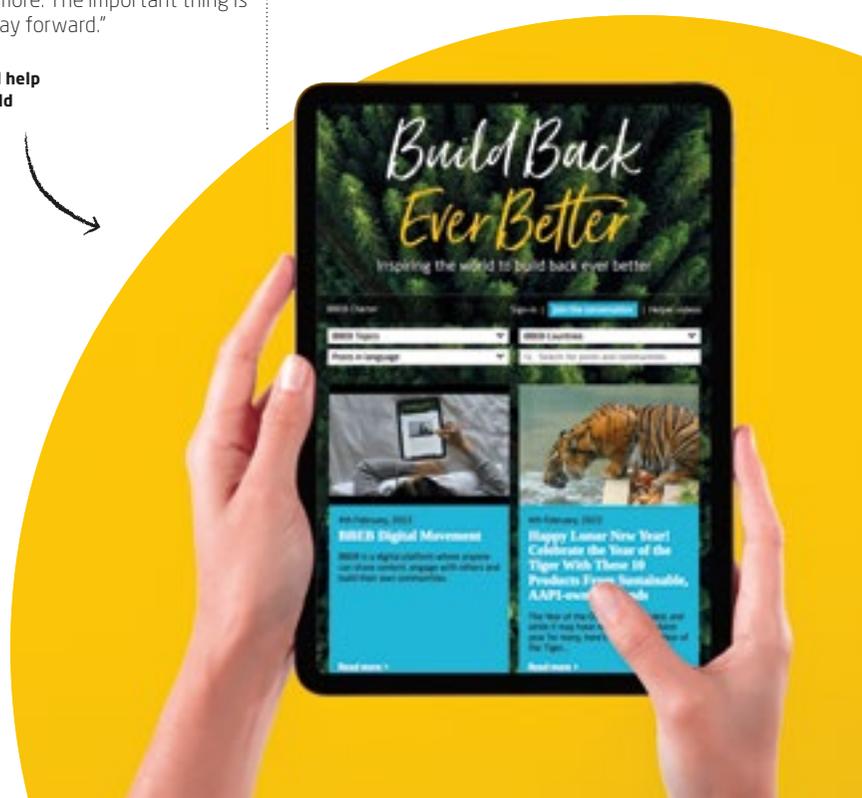
During the year, we launched the #BBEB platform, bbeb.com, with the intention of creating “a truly Glo-cal community-based movement to help people in their local community space to inspire friends, family and public institutions to Build Back an Ever Better world”.

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.

**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*

*Our 5 strategic enablers*



**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.



**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?

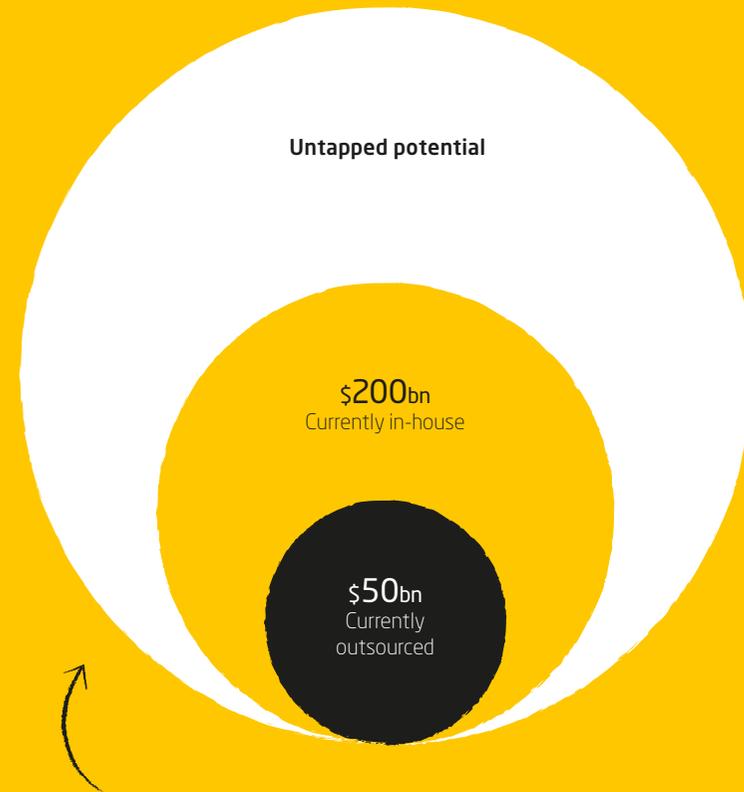
Intertek has a proven history of growth, innovation, disciplined portfolio management and operational excellence. Alongside the energy, agility and innovation of our colleagues around the world, we are uniquely well-positioned to capitalise on the growth opportunities ahead.

## 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*



## 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.



## 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.



## Our sectors

More on page 21

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



## 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.



## 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](https://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



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<sup>1</sup> (£m)

Revenue growth measures how well the Group is expanding its business and includes currency impacts.



<b>2021</b>	<b>2,786</b>
2020	2,742

### Operating profit<sup>1,2</sup> (£m)

Measures profitability of the Group and includes currency impacts.



<b>2021</b>	<b>433</b>	<b>474</b>
2020	378	428

### Diluted earnings per share<sup>2</sup> (pence)

A key measure of value creation for the Board and for shareholders.



<b>2021</b>	<b>177.9</b>	<b>190.8</b>
2020	152.4	170.9

### 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.



<b>2021</b>	<b>2,744</b>
2020	2,722

### Operating margin<sup>1,2</sup> (%)

Measures profitability as a proportion of revenue.



<b>2021</b>	<b>15.5</b>	<b>17.0</b>
2020	13.8	15.6

### Dividend per share<sup>3</sup> (pence)

Measures returns provided to shareholders.



<b>2021</b>	<b>105.8</b>
2020	105.8

### Cash flow from operations<sup>2</sup> (£m)

Shows the ability of the Group to turn profit into cash.



<b>2021</b>	<b>679</b>	<b>696</b>
2020	685	705

### Return on invested capital at constant rates<sup>1,4</sup> (%)

Measures how effectively the Group generates profit from its invested capital.



<b>2021</b>	<b>18.2</b>
2020	21.6

### Adjusted free cash flow<sup>2</sup> (£m)

Shows the ability of the Group to turn profit into cash.



<b>2021</b>	<b>401.8</b>
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

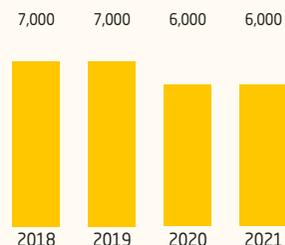
**Customer focus**

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 market-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 <sup>1</sup>	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%.

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.

## Diversity and Inclusion

[Read more about gender balance in our Sustainability Report on page 78](#)

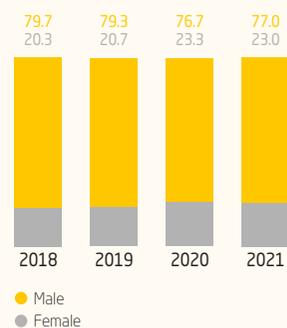
### Gender balance

Percentage of women in senior management roles (Leadership Team<sup>2</sup> 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](#)

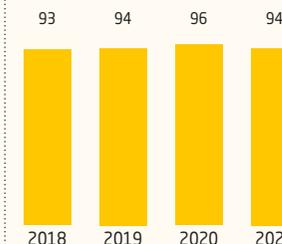
### Compliance training

Completion of annual compliance training by eligible employees<sup>3</sup> (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.

Financial review

# Strong progress delivering revenue and margin growth



**Jonathan Timmis**  
Chief Financial Officer

## Highlights

**£2,786m**

Revenue up  
1.6% 6.5%

**£474m**

Adjusted operating profit up  
10.8% 15.4%

**17.0%**

Adjusted operating margin up  
140bps 130bps

**105.8p**

Dividend per share in line with PY

**£402m**

Adjusted Free Cash Flow down  
(7.8%)

**£433m**

Statutory operating profit up  
14.5% 19.6%

**15.5%**

Statutory operating margin up  
170bps 170bps

**177.9p**

Statutory diluted EPS up  
16.7% 22.4%

**Negative Working Capital**

**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
<b>Adjusted</b>		
Revenue	<b>2,786.3</b>	2,741.7
Operating profit	<b>473.9</b>	427.7
Diluted EPS	<b>190.8</b>	170.9p
Profit after tax	<b>327.5</b>	292.6
Cash flow from operations	<b>695.8</b>	705.1
<b>Statutory</b>		
Revenue	<b>2,786.3</b>	2,741.7
Operating profit	<b>433.2</b>	378.2
Diluted EPS	<b>177.9</b>	152.4
Profit after tax	<b>306.7</b>	262.6
Cash flow from operations	<b>679.2</b>	685.2
Dividend per share	<b>105.8p</b>	105.8p
Dividends paid in the year	<b>170.6</b>	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<sup>1</sup> (pence)

+2.6% CAGR<sup>3</sup>

<b>2021</b>	<b>190.8</b>
2020	170.9
2019	212.5
2018	198.3
2017	191.6
2016	167.7

### Dividend per share<sup>2</sup> (pence)

+11.1% CAGR<sup>3</sup>

<b>2021</b>	<b>105.8</b>
2020	105.8
2019	105.8
2018	99.1
2017	71.3
2016	62.4

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:

	Notes	Revenue		Adjusted operating profit			
		2021 £m	Change at 2021 actual rates %	Change at constant rates %	2021 £m	Change at 2021 actual rates %	Change at constant rates %
Products	2	<b>1,755.3</b>	4.4	9.1	<b>399.7</b>	13.7	18.0
Trade	2	<b>575.4</b>	(2.9)	2.8	<b>51.6</b>	9.6	17.3
Resources	2	<b>455.6</b>	(2.5)	1.6	<b>22.6</b>	(22.1)	(18.7)
<b>Group total</b>		<b>2,786.3</b>	1.6	6.5	<b>473.9</b>	10.8	15.4
Net financing costs	14				<b>(28.4)</b>		
<b>Adjusted profit before income tax</b>					<b>445.5</b>	13.4	18.7
Adjusted income tax expense	6				<b>(118.0)</b>		
<b>Adjusted profit for the year</b>					<b>327.5</b>	11.9	17.1
<b>Adjusted diluted EPS (pence)</b>	7				<b>190.8</b>	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	<b>2,786.3</b>	2,741.7	1.6
less: Acquisitions/disposals revenue	<b>(42.3)</b>	(20.1)	
Like-for-like revenue	<b>2,744.0</b>	2,721.6	0.8
Impact of foreign exchange movements	-	(123.4)	
Like-for-like revenue at constant currency	<b>2,744.0</b>	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	<b>473.9</b>	410.5	15.4
less: Adjusted tax <sup>1</sup>	<b>(125.5)</b>	(104.7)	19.9
Adjusted profit after tax	<b>348.4</b>	305.8	13.9
Invested capital <sup>2</sup>	<b>1,912.7</b>	1,462.7	30.8
ROIC %	<b>18.2%</b>	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	<b>679.2</b>	685.2	(0.9)
add back: Cash flow relating to SDIs	<b>16.6</b>	19.9	
Adjusted cash flow from operations	<b>695.8</b>	705.1	(1.3)
add back: Special contributions to pension schemes	<b>2.0</b>	2.0	-
Repayment of lease liability	<b>(70.4)</b>	(72.0)	2.2
Cash flow for cash conversion	<b>627.4</b>	635.1	(1.2)
Cash conversion %	<b>132.4%</b>	148.5%	(1,610bps)

### Free cash flow reconciliation

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

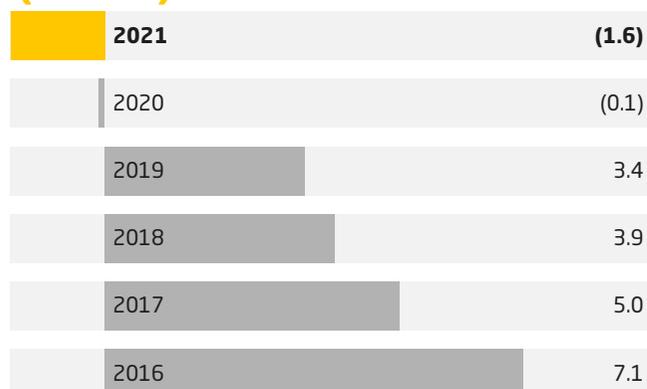
Continued

### 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<sup>1</sup> as % of revenue

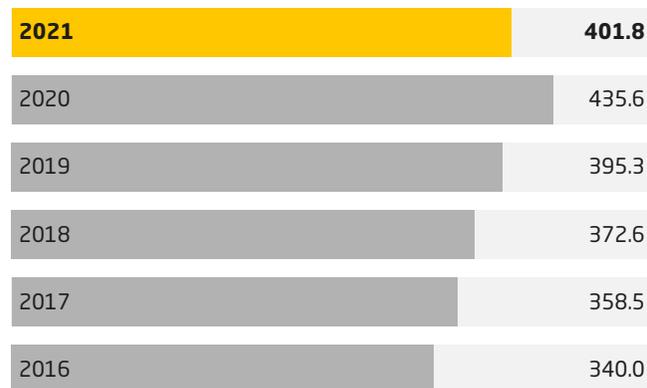
(870)bps



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

### Adjusted free cash flow (£m)

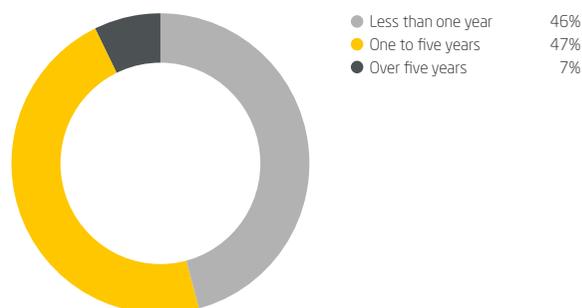
3.4% CAGR<sup>1</sup>



- 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 <sup>1</sup>	183.4	86.6	(6.0)	264.0
Borrowings <sup>2</sup>	(603.3)	(395.8)	1.8	(997.3)
<b>Financial net debt</b>	(419.9)	(309.2)	(4.2)	(733.3)
Lease liabilities <sup>2</sup>	(224.2)	(72.0)	3.9	(292.3)
<b>Net debt</b>	(644.1)	(381.2)	(0.3)	(1,025.6)

- As disclosed in note 14, cash includes cash and cash equivalents less overdrafts.
- 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

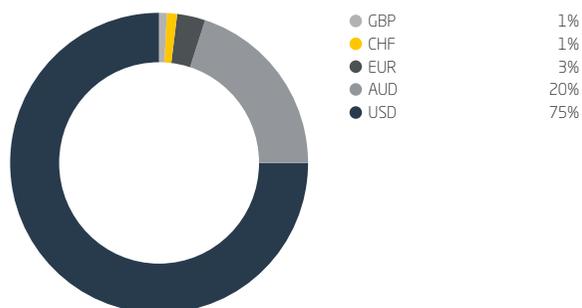
To ensure the Group is not exposed to income statement volatility in relation to foreign currency translation on its debt, the Group ensures that any foreign currency borrowings are matched to the value of its overseas assets in that currency (an 'effective' hedge).

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:

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

£365.4m  
Statutory operating profit

£399.7m  
Adjusted 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<sub>2</sub>/NO<sub>x</sub> 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.

### 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."

### Financial highlights 2021

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



Operating review

Continued

Innovation

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

Inlight 2.0



**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



**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



**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.

Intertek Cristal AccessCheck  
Meeting the accessibility needs of  
the disabled community

intertek  
**Accesscheck**

**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.

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

“  
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
<b>Revenue</b>	<b>575.4</b>	592.6	(2.9%)	2.8%
<b>Like-for-like revenue</b>	<b>575.0</b>	591.1	(2.7%)	3.0%
<b>Adjusted operating profit</b>	<b>51.6</b>	47.1	9.6%	17.3%
<b>Adjusted operating margin</b>	<b>9.0%</b>	7.9%	110bps	110bps
<b>Statutory operating profit</b>	<b>50.2</b>	42.1	19.2%	
<b>Statutory operating margin</b>	<b>8.7%</b>	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
<b>Revenue</b>	<b>455.6</b>	467.5	(2.5%)	1.6%
<b>Like-for-like revenue</b>	<b>455.6</b>	466.9	(2.4%)	1.7%
<b>Adjusted operating profit</b>	<b>22.6</b>	29.0	(22.1%)	(18.7%)
<b>Adjusted operating margin</b>	<b>5.0%</b>	6.2%	(120bps)	(120bps)
<b>Statutory operating profit</b>	<b>17.6</b>	16.6	6.0%	
<b>Statutory operating margin</b>	<b>3.9%</b>	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



**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



**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

20,000m<sup>2</sup> 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 20,000m<sup>2</sup>, 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
<b>Regulatory environment change</b>	<ul style="list-style-type: none"> <li>- Industry and competitive landscape</li> <li>- Customer service</li> <li>- Regulatory and political landscape</li> <li>- People retention</li> <li>- Reputation</li> <li>- Covid-19</li> </ul>	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.
<b>Customer service issue</b>	<ul style="list-style-type: none"> <li>- Industry and competitive landscape</li> <li>- Customer service</li> <li>- Business ethics</li> <li>- People retention</li> <li>- Reputation</li> <li>- Covid-19</li> </ul>	Failure to respond/adapt to a customer service issue leads to a loss of key customers and detrimentally impacts reputation.
<b>Ethical and/or quality breach</b>	<ul style="list-style-type: none"> <li>- Business ethics</li> <li>- People retention</li> <li>- Financial risk</li> <li>- Health, safety and wellbeing</li> <li>- Reputation</li> <li>- Covid-19</li> </ul>	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.
<b>IT systems breach</b>	<ul style="list-style-type: none"> <li>- Customer service</li> <li>- People retention</li> <li>- IT systems and data security</li> <li>- Reputation</li> <li>- Covid-19</li> </ul>	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.

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**Possible impact**

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

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**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.

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**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.

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**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.

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**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.

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**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.

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**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.

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**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.

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**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.

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**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.

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**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.

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**2021 update**  
This risk remains stable compared with 2020.

Principal risks and uncertainties

Continued

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 decreative 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.

Legal and Regulatory

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

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.

Financial

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.

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 2°C and below; and
2. a failure to decarbonise globally in line with the Paris Agreement, with global warming of 4°C 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 2°C 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 4°C 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 2°C/ low-carbon and 4°C/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 2°C and 4°C 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
<b>Energy transition</b> 	<p>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.</p> <p>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.</p> <p>This will require our clients to make incremental investments in traditional oil and gas Exploration &amp; 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>



Impact area	Risks and opportunities
<b>Carbon footprint transition</b> 	<p>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.</p> <p>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.</p> <p>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&amp;D and investments in logistics and supply chains, our Products businesses will benefit from higher corporate investments in R&amp;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.</p>
<b>Policy</b> 	<p>Climate-related laws and regulations will increase over time.</p> <p>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.</p> <p>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.</p> <p>We expect to benefit from increased regulation to drive investment and product development by our clients in the energy, infrastructure and transportation sectors.</p> <p>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).</p> <p>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.</p>

TCFD  
Continued

Our climate-related risks and opportunities Continued

4°C Scenario

Impact area	Risks and opportunities
<b>Physical impacts</b> 	<p>We consider that there are three types of possible physical impacts:</p> <ol style="list-style-type: none"> <li>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;</li> <li>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</li> <li>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.</li> </ol> <p>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.</p> <p>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.</p>

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.

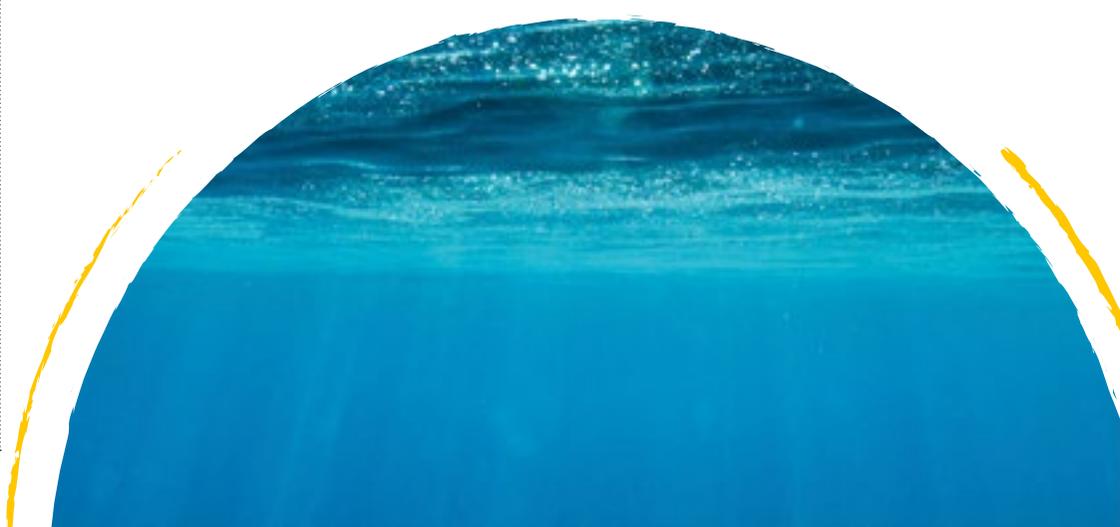
Climate-related risks are reflected if relevant in each risk committee's individual risk footprint – that is, their regularly-updated list of the risks and mitigation actions that they believe are relevant to their own area – and on their meeting agendas. The members of management on each risk committee 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.

### **(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.

### **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.

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.	<ul style="list-style-type: none"> <li>– Communities</li> <li>– Employees</li> <li>– Governments</li> <li>– Investors</li> </ul>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>The Board concluded that it was in the long-term interest of the Company to proceed with the payment of the dividends.</p>
Acquisition of SAI Global Assurance ('SAI').	<ul style="list-style-type: none"> <li>– Communities</li> <li>– Customers</li> <li>– Employees</li> <li>– Investors</li> <li>– Suppliers</li> </ul>	<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p>
Acquisition of JLA Brasil Laboratório de Análises de Alimentos S.A. ('JLA').	<ul style="list-style-type: none"> <li>– Communities</li> <li>– Customers</li> <li>– Employees</li> <li>– Investors</li> <li>– Suppliers</li> </ul>	<p>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.</p> <p>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.</p>	<p>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.</p>
Continued the review of the global Covid-19 Health and Safety ('HSE') policy.	<ul style="list-style-type: none"> <li>– Communities</li> <li>– Customers</li> <li>– Environment</li> <li>– Suppliers</li> <li>– Government &amp; Regulators</li> </ul>	<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p>

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



### 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



### 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



### 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



### 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



### 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



### 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	
<b>Environment</b>	Environment	📄 pages 86 to 91
<b>Employees</b>	Nomination Committee report Risk management People and Culture	📄 pages 126 to 129 📄 pages 167 to 169 📄 pages 73 to 79
<b>Social matters</b>	Communities	📄 pages 92 to 94
<b>Human rights</b>	People and Culture	📄 pages 73 to 79
<b>Anti-corruption and anti-bribery</b>	Principal risks and uncertainties Risk management People and Culture	📄 pages 44 to 49 📄 pages 167 to 169 📄 pages 73 to 79
<b>Description of principal risks and impact of business activity</b>	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
<b>Description of the business model</b>	Our business model	📄 pages 18 to 25
<b>Key Performance Indicators</b>	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