

Workforce engagement

Continued

Our engagement with our people

2021

Our Build Back Ever Better ('BBEB') platform was launched internally in March 2021 and then externally in December 2021. It has been a huge success and the platform and all the related activities, including the global launch webcast from André Lacroix, which was attended by around 15,000 colleagues, have been warmly welcomed all over the world. This platform has also enabled the Board to directly see what issues have been highlighted by our colleagues and the issues that are of importance to them.

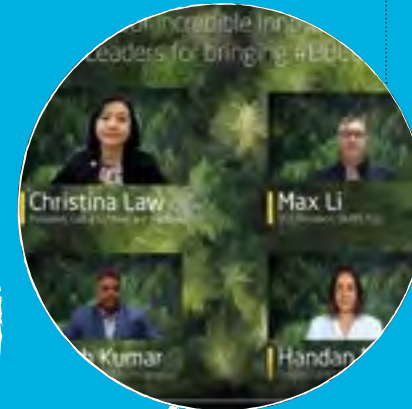
The BBEB '10X Way! 3.0 event which followed a global launch webcast, was an amazing success with six fully interactive workshops – each 90 minutes – being run by employees live across the world in 64 countries with over 650 participants over three days. They provided an incredible forum for ideas and discussions with colleagues across Intertek.

Virtual town halls were conducted across the world. In total, André Lacroix completed 35 town hall meetings covering most of the countries we operate in, and all the business lines we have in our portfolio, with a total live dial-in audience of around 12,500 colleagues. Question and answer sessions were held to provide two-way communication and a method of further engagement.

- We engaged with our management personnel electronically to amalgamate their knowledge and experience to help towards the development of our five-year strategic plan by inviting them all to answer the following question: "What is the most important thing we need to do together to unleash the potential of the Company and seize the exciting growth opportunities ahead, as we Build Back Ever Better?"
- The responses were collated and it enabled us to enhance the development of our five-year strategic plan by encapsulating the knowledge and experience from individuals fully immersed in the day-to-day operation of our business lines.

- Our colleagues across the world continued to send in their short Hero story videos about how they or their team are bringing our purpose to life through their work. The videos are available to view on WhatsApp, our internal communications system.

- Virtual visits to our laboratories: the October overseas Board trip to Europe was held virtually and after a presentation by each local manager the Board were shown around the following laboratories:
 - Kista (Sweden)
 - Rotterdam (Netherlands)
 - Yenibosna (Turkey)
 - Fürth (Germany)
 - Kaufbeuren (Germany)
 - Melbourne (UK)
 - Geleen (Netherlands)
 - Udine (Italy)
 - Florence (Italy)
 - Davy Avenue (UK)
 - Manchester (UK)



- Virtual meetings with colleagues within the business during 2021. The Chairman and Non-Executive Directors have virtually met 20 leaders across the Group and had presentations on their areas of expertise at Board meetings throughout the year. The Board was particularly interested to hear feedback from our employees across the different locations.

Workforce engagement

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- Updates on the status of the pandemic across the world and information on our colleagues' health and wellbeing using a '5-category' system, with 'net' data to reflect the number of people in each category, excluding those who have now recovered/returned to work.



- The Non-Executive Directors undertook 28 virtual visits to our laboratories engaging with our employees across the world.



- In 2021, two of our NEDs stepped down from the Board which saw the appointment of Tamara Ingram in December 2020 and Lynda Clarizio in March 2021, in their place. As part of their induction programme, both of the newly appointed NEDs virtually visited seven countries with presentations and tours by 26 managers where they were introduced to many other colleagues during the tours. Their engagement with the local workforce aided their induction and allowed them to ask questions and understand any issues to then be encapsulated and addressed in Board discussions. The feedback was provided to the Board at the July Board meeting.



- In May 2021, we gave our UK colleagues the opportunity to participate in a 'Learning at Work' week, providing them with the opportunity to immerse themselves in lots of opportunities to contribute to, as well as learn, from their peers. One of the events was a webinar held via Microsoft Teams which was designed with the aim to help participants define and achieve their personal growth plans, as well as give them the opportunity to ask questions about careers and their development within the Group via a Q&A session with the UK HR Director at the end of the webinar.



- Intertek UK committed to Mental Health Awareness Week allowing our UK colleagues to dedicate time each day to focus on their wellbeing. To support this, daily content was made available in the form of videos and webinars on wellness topics, hints and tips to help be Kind to Your Mind, as well as resources to allow the continuation of their wellbeing journey.



Workforce engagement

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Our Heroes

In 2020, we introduced the Intertek Hero videos to build a sense of solidarity among our colleagues, recognise our people and to give real meaning to our Purpose: 'Bringing quality, safety and sustainability to life'. These inspiring videos have enabled our people around the world to stay connected, feel united and recognise each other. During 2020, we published 100 videos from over 30 countries. This continued into 2021 with a couple of examples outlined below:

Intertek Cambodia and China

Intertek's Cambodia and China Hardlines and Inspection teams demonstrated 10X leadership to overcome challenges presented by the Covid-19 pandemic to provide unparalleled customer service to support one of our largest retail customers.

Intertek UK

One of our customers was made aware of a product quality issue and urgently needed assistance. The Caleb Brett team at our Immingham site responded and truly demonstrated their Inspirational Energy! With almost zero notice, they collected samples and coordinated analysis of each sample, with our team of chemist inspectors and lab technicians all being involved, working 24/7 to complete the analysis to ensure minimal disruption for our customer.

In action

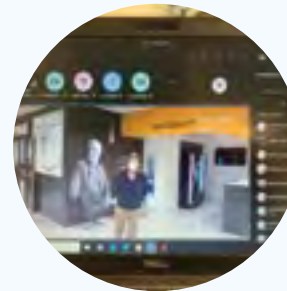
Rotterdam, The Netherlands

Tour of the Rotterdam laboratory by Chris Peirce, Managing Director, showing the various types of testing undertaken at the laboratory.



Fürth, Germany

Tour of the Hardlines, Softlines and Business Assurance laboratory by Holger Breins, General Manager Hardlines and Softlines DACH, and Jeniffer Calderon Giraldo, Lab Manager, demonstrating some of the analytical testing undertaken.



Udine, Italy

Tour of the Electrical laboratory by Arianna Fogar Regional Manager Southern Europe and France.



Melbourn, United Kingdom

Tour of the Chemicals & Pharmaceuticals laboratory by Derek Solomon, Site Director.

What did we learn were the issues for employees during 2021?

The engagement with our colleagues highlighted four main areas of concern in 2021 as the pandemic continued:

"Will I continue to be safe at work?"

"What support is there to help with my wellbeing?"

"Will the pandemic affect my job security?"

"How do I know what is happening in our business?"

Workforce engagement

Continued

What did we do?

Safety at work

To ensure the health and safety of all of our employees, protocols and measures were reviewed and updated to ensure the highest standards of control, hygiene and prevention were in place pre, during and post-lockdowns throughout the year across the world. Scientists and researchers continue to improve their understanding of this novel virus and we are reviewing studies as they are published, in order to evaluate and update our HSE policy against the latest intelligence and to try to anticipate what the mid- to longer-term impact on working practices and societies might be. Regular bulletins have been sent to employees as the requirements have changed in their country of work to continue to ensure that our employees are safe.

Hygiene control and prevention guidance

Hygiene measures were set out on posters to be displayed at all Intertek locations.

Employee support for wellbeing

We are conscious that the daily living routines for all continue to be disrupted causing additional anxiety, loneliness, stress and strain and some of our employees have been dealing with the loss of loved ones. The importance of still taking time off was recognised and employees were encouraged to take their holidays.

Our Intertek global wellbeing programme, Kindness, was introduced to support the wellbeing of all employees. Kindness is a personal experience that helps all employees make sure that they do the simple things that help build their own personal strength and resilience – to help re-energise, boost wellbeing and unleash our potential. Six spaces were developed and each of these six spaces of wellbeing are available to all employees as e-learning modules. The ten-minute modules introduce the theory and science behind each area of wellbeing, providing tips and suggestions on how to benefit and improve in that area, exercises and tools to apply, and information on where to find out more.

Every year, World Mental Health Day is observed internationally on 10 October. To support our people, initiatives took place across Intertek, including the following:

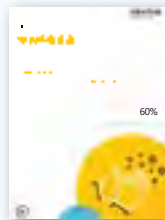
In October 2021, Intertek Thailand and iStrong introduced an online counselling service programme as our first Employee Assistance Programme to support employees' mental wellbeing. The programme aims to offer support to employees in balancing the pressures of work with the needs of home and personal life. Employees can easily access the services via a website and the counselling services are provided by professional well-trained counsellors and are strictly confidential.



How to wear a face mask instructions



Social distancing guide in Portuguese



Handwashing instructions in Chinese

Throughout October, virtual wellbeing sessions were organised in the MENAP region, covering the following topics:

- Mental health;
- Yoga;
- Cancer awareness; and
- Health and Nutrition sessions.

The sessions included physical and mental activities with professional instructors to help our colleagues connect with their minds and souls, enlighten them about the importance of living a healthy lifestyle, and develop ways to use their power in a positive way.

Intertek South Asia organised a virtual wellbeing session on 'Mental Health Matters'. The webinar covered the basics of mental wellbeing, relaxation exercises and self-help strategies to maintain wellbeing, warning signs of mental health decline, professional consulting advice, and ways to support someone going through a mental health crisis. The session also included time for detailed Q&A and feedback. The participants found the session relevant, informative, and useful, saying that they particularly appreciated the 'commonplace examples which made it interesting', 'detailed explanations', and tips on how to handle stress.

Through our Kindness programme, we will continue to support our colleagues' wellbeing and ensure a safe and healthy work environment in which they can prosper.

Covid-19

The pandemic has brought much uncertainty into everyone's lives, but we believe that society has changed and we are in the 'new normal' and are observing new trends and behaviours and demands for products and services that didn't exist prior to the pandemic. Consumers want more sustainable products, supply chain simplicity, visibility and traceability of goods, new solutions for hygiene, health and wellbeing, as well as lower carbon emissions. Employers are being tasked with developing and providing new tech and virtual remote-working solutions. The world needs Intertek more than ever, with the unrivalled expertise of our people, our focus on delivering risk-based Total Quality Assurance solutions, and our proven track record of innovating and anticipating the growing needs of our clients as the world around them grows more complex. We provide mission-critical ATIC solutions to enable the world's supply chains to operate fully and safely, given the increased expectations from all stakeholders to live in a better and safer society.

Workforce engagement

Continued

Ongoing communication

2021 has been a year full of ups and downs, with the Covid-19 pandemic and other challenges. In spite of these circumstances, our colleagues have been nothing less than extraordinary. An important part of engagement is to ensure that there is ongoing communication throughout the business with our colleagues. Our tool WhatsApp, our global communication platform, keeps our colleagues updated with the latest news across the world. André Lacroix, our CEO, also does global webcasts for the Full Year and Half Year results and sends a message to everyone in December wishing everyone a Happy Christmas. In July 2021, a video was featured on WhatsApp as a "Special thank you to all of you" outlining the fantastic achievements of our colleagues around the world. We have also encouraged sites to have family days, when safe to do so, so that their families also know more about Intertek and what we do as they form part of the larger Intertek family. Here are some of the family days which have taken place during the year:

Intertek Hong Kong held a Family Day, inviting the friends and families of over 20 of our colleagues to visit the Intertek Hong Kong Office at Lai Chi Kok, Kowloon. The day began with a lab tour. Friends and families of our colleagues visited the Electrical, Softlines and Toys & Hardlines laboratories where their parents work hard to achieve excellence. During the tour, they were able to learn more about the workplace where their loved ones work magic. After the tour, our co-workers and their families joined the fun booth games introducing BBEB.com, biodegradable textiles, e-toys, electrical safety and healthy food choices. Our colleagues worked together to solve puzzles for prizes, there was a prize wheel, photo booth, arts and crafts and so much more.



This is the first time I've experienced the place my husband works in. The opportunity to know more about my husband's company, with the noble mission of Building Back Ever Better, really made me proud of Gary."

Minami, wife of Gary Yu, Electrical Team

said the Family Day was an experience she will long cherish.



Intertek Australia welcomed 150 special guests to the new Minerals Centre of Excellence in Perth for a Build Back Ever Better family day. Employees were given BBEB shirts and the children were presented with "I am 100% of the Future" shirts and a gift pack with colouring-in books and hats.

Their BBEB mural was coloured in by the children.

Intertek Building & Construction York, Pennsylvania organised a BBEB Family Day at the laboratory where employees and family members gathered for a fun-filled day creating, sharing, and inspiring change for good. Attendees were encouraged to donate canned goods to be provided to the York County Food Bank to help others in need. The future generation spent the day decorating the lab with BBEB colouring book pages and enjoyed face paintings, a dunk tank, bounce house, snow cones, giveaways, lab tours, testing demonstrations and more! The facility tour included the Materials Testing Lab, Mock-Up/WOLF, Acoustics Testing Lab, Fire Testing Lab, and Missile Impact & Shocktube capabilities. All attendees were provided with a pamphlet giveaway that recognised Intertek's BBEB initiative and encouraged individuals to join the conversation on inspiring change and recognising the progress being made at BBEB.com.

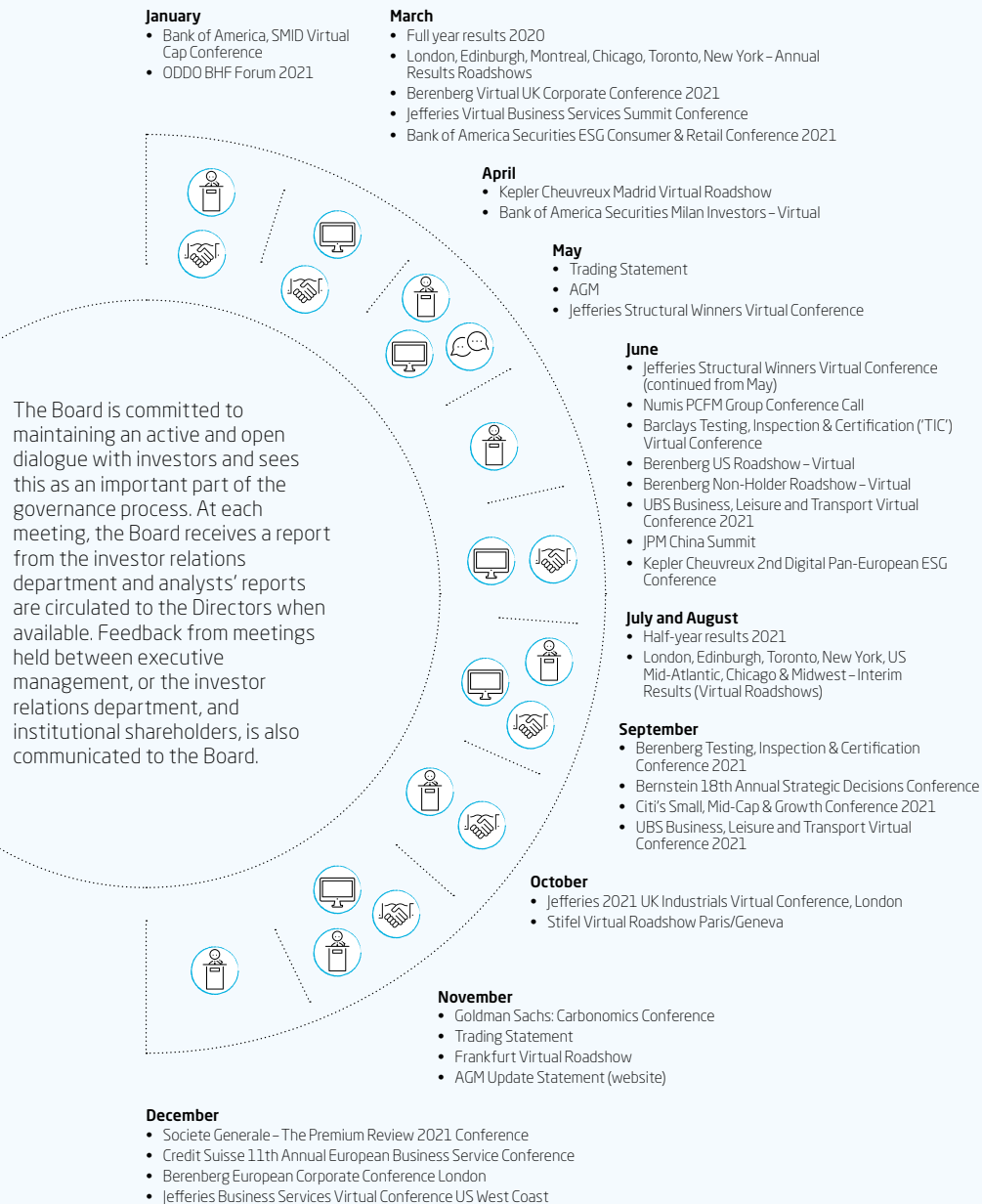


The day was both inspirational and energizing for each of us that attended because it gave us all a chance to showcase what we do to our kids, our families and our friends. It certainly brought our Purpose to life as it was quite clear that our children expect us to make the world a better, safer and more sustainable place for all."

Vinu Abraham

VP, Operations, Building & Construction.

Investor and shareholder engagement



Investor relations programme

Aimed at helping existing and potential investors understand the Group's business model, strategy, financial performance and outlook. The programme is wide-ranging and includes events and roadshows throughout the year to update investors and sell-side analysts on the developments of the Group.



Board shareholder engagement

The Chair, following any engagement with shareholders, ensures that the Board as a whole has a clear understanding of their views. Intertek's largest shareholders, representing 60% of the share register, are invited annually to meet with the Chairman to share their views and discuss any corporate governance matters. During April and May 2021, the Chair held five meetings with shareholders and discussed a range of topics including corporate governance, culture and the increasing focus on climate change. The feedback was presented and discussed with the Board at the May board meeting. Following the 68.74% vote in favour of the Remuneration Policy at the 2021 AGM, the Remuneration Committee consulted with shareholders on their reasons for voting against the Policy. See page 136 for further information on the engagement with shareholders.



Resources

A wealth of information is available to investors in our Annual Report & Accounts, half year announcements and trading updates and Regulatory News Service announcements. These materials are available on our website and are supplemented by videos, webcasts and presentations.



Conferences

Executive Directors and the Investor Relations team attend industry conferences throughout the year, providing the opportunity to meet a large number of investors. Due to Covid-19, mostly virtual conferences took place.



Roadshows

Following the full-year and half-year results announcements, the Executive Directors and Investor Relations team held meetings with the principal shareholders. Due to Covid-19, most meetings took place online.



Feedback Forum

The Executive Directors and Investor Relations team receive regular feedback from sell-side analysts and investors during the year both directly and through the Group's corporate advisers. The Group Company Secretary also receives feedback on governance matters directly from investors and shareholder bodies.



Annual General Meeting ('AGM')

The Board welcomes the opportunity to meet with both private and institutional investors at the AGM.

The 2022 AGM is currently scheduled to be held on 25 May 2022 at 9.00 a.m. at the Marlborough Theatre, No. 11 Cavendish Square, London, W1G 0AN; however, we will keep under review any restrictions that may apply. The AGM provides the opportunity for all shareholders to ask questions of the full Board on the matters put to the meeting, including the Annual Report & Accounts.

All Board members attend the AGM and, in particular, the Chairs of the Audit, Nomination and Remuneration Committees are available to answer questions. The Board welcomes the opportunity to meet with both private and institutional investors at the AGM. The Company proposes a resolution on each separate issue and does not combine resolutions inappropriately. The Notice of the AGM is sent to shareholders by e-communications or by post and is also available at intertek.com.

Due to the unprecedented circumstances presented by the pandemic, and the uncertain local restrictions, the 2021 AGM was held with the necessary quorum present at the Group's Head Office and shareholders were able to safely participate and ask any questions at the AGM virtually using Microsoft Teams. The results of voting at the AGM were published on the Company's website.

Division of Responsibilities

There is a clear division of responsibilities between the running of the Board (a key responsibility of the Chairman) and the day-to-day running of the Company's business (the responsibility of the CEO). These responsibilities have been formalised in writing.

The letters of appointment of the Non-Executive Directors, as well as the service agreements for the Executive Directors, are available for inspection at the Company's registered office and at the Annual General Meeting ('AGM').

Roles and responsibilities

Chairman - Andrew Martin

Key responsibilities

- Leading and governing the Board to ensure its overall effectiveness in directing the Company.
- Assessing and monitoring the culture within the Company and ensuring that it aligns to the Company's purpose and values.
- Ensuring that Directors receive accurate, timely and clear information to enable them to discharge their duties to promote the long-term sustainable success of the Company.
- Ensuring effective two-way communication between the Board, shareholders and key stakeholders.
- Communicating to all Directors the views, issues and concerns of major shareholders.
- Promoting a culture of openness and debate and facilitating constructive Board relations and the effective contribution of the Non-Executive Directors.
- Demonstrate objective judgement.

Chief Executive Officer - André Lacroix

Key responsibilities

- Proposing and agreeing the Group Strategy with the Board.
- Leading the day-to-day operations of the Group in line with the agreed strategy and commercial objectives.
- Promoting and conducting the affairs of the Company with the highest standards of ethics, integrity, sustainability and corporate governance.
- Managing the Leadership Team.

Independent Non-Executive Directors

Key responsibilities

- To constructively debate and add value with respect to the proposals on strategy and risk management and offer specialist advice.
- Scrutinise and hold to account the performance of management and individual Executive Directors against agreed performance objectives.
- Reviewing the appointment and removal of Executive Directors.
- Allocating sufficient time to the Company to discharge their responsibilities.

Senior Independent Non-Executive Director - Graham Allan

Key responsibilities

- Providing a sounding board for the Chairman.
- Being available as an intermediary between the other Directors and shareholders if necessary.
- Leading the annual performance review of the Chairman.
- Being available to meet with shareholders and other stakeholders should they have any concerns that have not been resolved through the normal channels.

Group Company Secretary - Fiona Evans

Key responsibilities

- Supporting the Chairman in delivering Board and governance procedures.
- Advising the Board on all governance matters.
- Ensuring good information flows within the Board and its Committees.
- Facilitating induction and assisting with professional development as required.
- Developing and overseeing the systems that ensure that the Company complies with all applicable codes, in addition to its legal and statutory requirements.
- Facilitating access to independent professional advice at the Group's expense.

Chief Financial Officer - Jonathan Timmis

Key responsibilities

- Managing the financial delivery and performance of the Group.
- Analysing the Company's financial strengths and weaknesses and proposing corrective actions.
- Managing the finance, accounting and IT departments.
- Ensuring that the Company's financial reports are accurate and completed in a timely manner.
- Overseeing the capital structure of the Company, and determining the best mix of debt, equity and internal financing.

Division of Responsibilities

Continued

Independence

On appointment as Chairman of the Company on 1 January 2021, the Board assessed and agreed that Andrew Martin was independent in accordance with Provisions 9 and 10 of the Code. The Board continues to review the independence of the Non-Executive Directors, other than the Chairman, and considers that all of them continue to demonstrate independence in both character and judgement, are free from any conflicting interests and have independent oversight of governance and compliance. The Chairman is committed to ensuring the Board comprises a majority of independent Non-Executive Directors, who objectively challenge management and monitor performance for the benefit of all stakeholders. The Board determined that Lynda Clarizio and Tamara Ingram were independent in accordance with the Code upon their appointment to the Board.

In accordance with provision 11 of the Code, at least half of the Board, excluding the Chair, are Non-Executive Directors whom the Board considers to be independent.

The Board recognises the recommended term within the Code for Non-Executive Directors and the Chairman to ensure the progressive refreshing of the Board meets the evolving needs of the Company. More information on the succession plans of the Board, to ensure the appropriate combination of executive and independent Non-Executive Directors on the Board, is outlined in the Nomination Committee report on page 127.

Time commitment of Directors

The Board recognises the importance of all Non-Executive Directors having the necessary time to commit to the business of Intertek and, upon appointment, their letters of appointment stipulate the expected time commitment whilst acknowledging that this may vary depending upon the demands of the business and other events. All Directors made themselves freely available as required, even at short notice, in order to meet the needs of the business.

Procedures have been put in place and the Directors seek approval from the Board before accepting any additional external appointments. When assessing additional directorships, the Board considers the number and nature of external directorships already held by the individual and the expected time commitment for those roles. During 2021, the Board gave approval to Louise Makin and Lynda Clarizio for new appointments. Approval was granted as it was determined that the additional time commitment, taking into account their current overall responsibilities,

would not have an effect on their commitment to Intertek as a Non-Executive Director. Prior to joining the Board, Tamara Ingram and Lynda Clarizio disclosed their current commitments and the time commitment involved. The Board was satisfied that Tamara and Lynda could provide sufficient time to discharge their duties as Directors of Intertek (see their biographies on page 103). As demonstrated, in the Board meeting attendance table, all Directors who were eligible to attend scheduled meetings attended every such meeting and every unscheduled meeting of which there were two. Tamara Ingram and Lynda Clarizio also spent additional time during 2021 for their induction into the business and more information on this is on page 124 in the Induction, Training, and Development section.

In addition to the scheduled Board meetings, there was frequent ad hoc contact between Directors to discuss the Group's affairs and the development of its business. When required, the Board also met at short notice on a quorate basis. During 2021, two additional Board meetings were held to discuss acquisitions and all Directors were present at these meetings.

Two meetings with the Chairman and the Non-Executive Directors, without the Executive Directors or management being present, are scheduled every year. The Chairman also maintains regular contact with the Senior Independent Non-Executive Director.

Where Directors have concerns about the operation of the Board or the management of the Company that cannot be resolved, the minutes will reflect this. No such concerns were raised during the year.

Directors' conflicts of interest

The Board operates a policy to identify, authorise and manage any conflicts of interest to assist Directors in complying with their duty to avoid actual or potential conflicts. The Directors are advised of the process upon appointment and receive an annual refresher. Whenever any Director considers that he or she is, or may be, interested in any contract or arrangement to which the Company is, or may be, a party, the Director gives due notice to the Board in accordance with the Companies Act 2006 and the Articles.

The Conflicts of Interest Register is maintained by the Group Company Secretary and the Board undertakes an annual review of each Director's interests, if any, including outside the Company. Any conflicts of interests are reviewed when a new Director is appointed, or if and when a new potential conflict arises. A formal process is also in place for managing such conflicts to ensure no conflicted Director is involved in any decision related to their conflict and, during the year, this process operated effectively.

Board members and attendance

Board meeting attendance during the year to 31 December 2021

Board members	Scheduled meetings eligible to attend	Meetings attended
Andrew Martin (appointed Chairman 1 January 2021)	5	5
André Lacroix Chief Executive Officer	5	5
Jonathan Timmis (appointed 1 April 2021) Chief Financial Officer	4	4
Ross McCluskey (resigned 1 April 2021) Chief Financial Officer	1	1
Graham Allan Senior Independent Non-Executive Director	5	5
Gurnek Bains Non-Executive Director	5	5
Lynda Clarizio (appointed 1 March 2021) Non-Executive Director	4	4
Tamara Ingram Non-Executive Director	5	5
Dame Louise Makin (resigned 30 June 2021) Non-Executive Director	2	2
Gill Rider Non-Executive Director	5	5
Jean-Michel Valette Non-Executive Director	5	5
Lena Wilson (resigned 31 January 2021) Non-Executive Director	0	0

100%

Attendance from all Board members

Composition, Succession and Evaluation

Board appointments

The Board is committed to ensuring that it has the right balance of skills, experience, knowledge and diversity, taking into account the targets of the FTSE Women Leaders and Parker review, to lead Intertek in these complex and fast-moving times and deliver our strategy and TQA customer promise to be a force for good and make the world a better and safer place. More information on the appointment process to ensure that we have the right individuals who can inspire and provide passionate leadership to deliver our 5x5 strategy is outlined in the Nomination Committee report on pages 126 to 129.

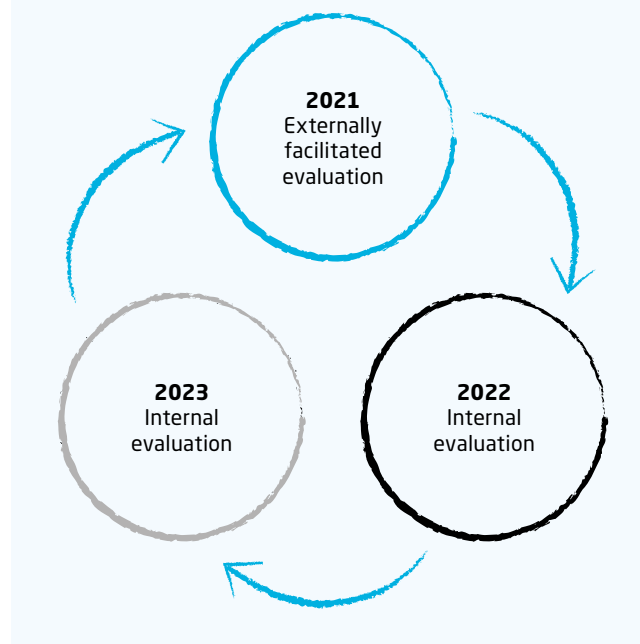
Board skills, experience and knowledge Induction, training and development

There is a full, formal and extensive induction programme which is tailored to ensure that Directors joining the Board are provided with the knowledge and materials to add value from an early stage. This is managed by the Chairman and the Group Company Secretary. During the year, Tamara Ingram, Lynda Clarizio and Jonathan Timmis received a wealth of background information on the Company and details of Board procedures, Directors' responsibilities, various governance-related issues and strategy and priorities within the Group. The induction also includes a series of meetings with other members of the Board, senior members of management and external advisers and visits to our laboratories and sites. Due to the ongoing pandemic and restrictions on travel, a comprehensive programme of virtual visits to our operations was put in place. This enabled our new Directors to meet senior management across the Group and our colleagues working in the labs in China, Italy, Dubai, Germany, Turkey, the US and the UK over a period of seven days. The feedback from the new Directors was that this was one of the most professional and comprehensive induction programmes that they had received which gave a great insight into the business, operations and people. This process will continue to be kept under review, taking into account Directors' feedback.

Ongoing and continual development is crucial to our Directors remaining highly engaged, effective and well informed. All Directors are kept up to date with information about Intertek's business and there is an ongoing programme of information dissemination throughout the year. It is important that the Directors have an appreciation of the business, both in the UK and overseas. During the year, there were presentations from the Leadership Team to the Board and meetings have been held on regional strategy to increase the understanding of operations, opportunities and risks. Intertek is now required to 'comply or explain' against the Task Force on Climate-related Financial Disclosures ('TCFD') and these disclosures are outlined in this Annual Report & Accounts. PwC held workshops with management and the Audit Committee in June and July 2021 to explore these requirements in further detail.

The Company also encourages Directors to attend briefings and seminars offered by professional and commercial bodies in order to keep abreast of current legal and regulatory requirements, especially within their specialist fields such as audit or remuneration.

Board, Committee and Directors' evaluation



The effectiveness of the Board, and its Committees, is rigorously reviewed annually and an independent externally facilitated Board review is conducted every three years. The internal questionnaires are reviewed and updated annually to ensure that the right questions are asked and take into account changes in guidance and regulations.

The 2020 Board internal evaluation process was led by Sir David Reid, with the support of the Group Company Secretary, and entailed:

- the completion of detailed questionnaires by each Board member;
- discussions on the outcomes and recommendations with the Chairman and each Board member; and
- following discussion of the results of the evaluation the Board as a whole, identifying and agreeing areas for improvement – the strategy and strategic agenda having already been agreed at the Board.

For each Committee of the Board a similar process was undertaken. The Committee evaluations looked at ways in which they could improve their overall effectiveness, their performance and areas of improvement during the year. The outcome from these evaluations confirmed that the Committees were performing well and were appropriately constituted.

Following the 2020 Board evaluation, the findings from the internal evaluation continued to be positive with strong scores in the six categories that were evaluated. The findings from the evaluation recognised the continuing drive to be 'ever better' and living the Board promise which defines our work and purpose at Intertek. We identified areas where more discussion time would be helpful especially in the areas of strategy, customer insights and risk and these areas were included in the Board agenda for 2021 and the ongoing assessment and monitoring of culture within Intertek continued to be a focus for 2021. During 2020 and continuing into 2021, as necessitated by the pandemic, we continued to hold virtual meetings and made the best use of the extensive tools we have in place to ensure engagement with our stakeholders, though physical meetings have now been taking place with the necessary health & safety protocols and only in line with local restrictions.

As planned, and recommended by the Code, the 2021 external evaluation process was facilitated by an independent third party, Equity Culture, under the direction of the Chairman. Equity Culture has no other connection to the Company and was appointed after a review of independent advisers in the field of formal Board evaluations.

The externally facilitated Board evaluation process, which considers the Board composition, diversity and how effectively members work together to achieve objectives, was led by the Chairman, with the support of Equity Culture and the Group Company Secretary, and entailed:

- the review and agreement of a questionnaire to be used at meetings with each Board member;
- one-to-one meetings with each Board member and the external evaluator;
- preparation of a report by the external evaluator;
- discussions on the Board evaluation outcomes and recommendations with the Chairman and CEO;
- discussion of the results of the evaluation with the Board as a whole; and
- the Board identifying and agreeing areas for improvement – the strategy and strategic agenda having already been agreed at the Board meeting in December 2021.

Composition, Succession and Evaluation

Continued

The last external review undertaken in 2018 flagged the progress that had been made in a relatively short time since André Lacroix joined Intertek in 2015, especially given the scale, complexity and geographical spread of the business. André bringing clarity to Intertek's purpose, mission, vision, values and strategy with the Board continuing on a journey from good-to-great, alongside that of the business. During the three years up to 2019, the focus had been on reshaping the Board and executive team, further refining and delivering the growth strategy and moving from a decentralised, entrepreneurial portfolio approach to a more integrated, customer-centric, company. Lastly, as with all good companies, the Board culture was to aim for best in class and also for continuing improvement which we call 'Ever Better, Ever Stronger'. So, plans were implemented to push on in what we call our 'journey areas' such as sustainability, where we believed we could deliver for society at large and also our customers for whom we can provide our expertise and services in the key areas of sustainability. This included understanding views of our stakeholders, in particular focusing on engagement with our workforce, which was already a priority of our Board. As part of this, inter alia, we increased the number of site visits our Non-Executive Directors made to the businesses around the world as part of their monitoring of culture at ground level.

The key findings of this year's external evaluation report are very positive as outlined below.

During recent years, a strong culture of high performance and high integrity with a clear sense of purpose has developed on the Board and throughout the Company. Great care has been taken, when adding new Board members, to ensure the right fit, culturally, and in terms of beliefs and outlook to build on the existing excellent chemistry and mutual respect on the Board. Lynda Clarizio and Tamara Ingram, both of whom were on-boarded during 2021, were very positive about the comprehensive induction process, noting the one-to-one meetings held with the CEO, the Board members and Senior Management Team followed by an around the world tour of Intertek including 2-hour presentations from all the main global leaders, virtual site tours and questions enabling the new Board members to experience the dynamics of the business.

The Board is very experienced, and this collective experience was an important factor in ensuring that the Board continued to be as effective throughout the pandemic as it had been before. This enabled the Board to continue to effectively discharge all of its responsibilities despite only having online meetings between March 2020 and up to December 2021. The technology employed to hold online meetings is felt to have worked well and in particular, the online live tours of overseas sites enabled even more sites to be visited than normal. These tours were felt to be so valuable that, although they are not a substitute for in-person visits, they will continue to be used more extensively in future, enabling more sites to be visited.

The mechanics surrounding the Board and Committee meetings works extremely well with well-structured agendas. The clarity of the papers presented enables a complex business to be more easily understood and the papers are of a very high and professional quality. Due to online meetings taking place during the pandemic, there has been a little more emphasis on presentations. As more face-to face meetings now take place, there will be a return to a more discursive emphasis.

The Board recognised the importance of the work to create the Board Promise to embody the role and purpose of all Board members in promoting Intertek's purpose of bringing Quality, Safety and Sustainability to life and which informs the Board's approach to its duties to all stakeholders. Around the Board table there is great pride in what Intertek does across the world for various stakeholders and in the work that our incredible colleagues perform daily to make the world a safer place with precision, pace and passion.

The 'People Agenda', including talent development, retention, succession and employee engagement figures high on the agenda, even more so given the importance of the highly qualified employee base to the ongoing success of Intertek. Succession and talent planning is a very thorough and thoughtful process with twice-yearly discussions at the Board.

André continues to bring a real sense of clarity and alignment to Intertek's strategy and during the year the Board's input and involvement is sought on the areas to be incorporated into the annual strategic review, with the most recent detailed discussion by the Board held last December. Against the backdrop of extensive opportunity for the industry, the discussions included a longer-term horizon, looking forward.

Sustainability is very clearly part of Intertek's DNA and the Board has great confidence in the Company's environmental and social credentials with a sustainability moment now part of every meeting agenda. The Board will continue to consider whether a Board ESG Committee is required, but at present it is considered that the ESG agenda is so important, that it should be the responsibility of all of the Board. Governance overall is seen to be sound.

There is a real sense of community of purpose on the Board with great support and respect for the work André and the management team do in addressing challenges as they arise, most recently with the pandemic, and ensuring that the health and safety of our employees are always the number one priority.

An internally-facilitated evaluation will be held in 2022.

Chairman and Director evaluation

The Non-Executive Directors, led by the Senior Independent Non-Executive Director, conducted a performance review of Andrew Martin, who was the Chairman during 2021. They considered his leadership, performance and overall contribution to be of a high standard during the year.

Andrew Martin, the Chairman, met with each Director to discuss their individual contributions and performance, together with any training and development needs. Following these reviews, the Board remains satisfied that, in line with the Code, all Directors are able to allocate sufficient time to the Company to enable them to discharge their responsibilities as Directors effectively and that any current external appointments do not detract from the extent or quality of time which any Director is able to devote to the Company.

The Board recommends that shareholders should be supportive of their re-election to the Board at the 2022 AGM.

Group Company Secretary support

The role and responsibilities of the Group Company Secretary are outlined on page 122.

Nomination Committee report

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The need to keep the Board refreshed but at the same time maintain a knowledgeable and experienced team of Non-Executive Directors is crucial and forms a large part of the Committee's work."

Andrew Martin

Andrew Martin
Chairman



Dear shareholder,

I am pleased on behalf of the Nomination Committee ('Committee') to present the Committee's report for 2021.

The Committee continues to focus its discussions on reviewing the current experience and skills on the Board and the likely future needs in order to build up a total skills overview and identify any gaps; the outcome from the Board evaluation is also used to inform these discussions.

A priority is Executive and Non-Executive Director succession planning. During the year, we had the retirement of both Louise Makin and Lena Wilson as they completed nine years since their date of appointment as Non-Executive Directors. The need to keep the Board refreshed but at the same time maintain a knowledgeable and experienced team of Non-Executive Directors is crucial and forms a large part of the Committee's work.

The Covid-19 global pandemic highlighted the importance of a cohesive and experienced Board to provide strength and resilience to help lead the Group through any crisis. It is also now vital that we have the right skills and expertise around the Board table to help support the business to seize the sustained long-term growth opportunities in our industry, as the pandemic has made the case for Total Quality Assurance clearer and stronger for our clients and we now expect the \$250 billion global Quality Assurance market to grow faster post Covid-19.

The Committee has demonstrated its ability to successfully identify the key characteristics required on the Board and in March 2021, Lynda Clarizio was appointed to the Board as a Non-Executive Director. Lynda is a highly experienced, committed, and well-rounded businesswoman with a track record of outstanding leadership in her area of expertise and proven adaptability; Lynda is an excellent addition to the Board.

We also welcomed Jonathan Timmis to the Board as Chief Financial Officer in April 2021 and Ross McCluskey, the previous Chief Financial Officer, moved into an operational role within the Intertek Group with responsibility for Europe and Central Asia.

During the last two years, the Board and Senior Management team have demonstrated their versatility, adaptability and ability to react quickly to evolving challenges, whilst simultaneously navigating the Group through these unprecedented times with the strategy remaining core to the decision-making. Our colleagues at Board and management level have illustrated the defining characteristics we strive for in our Intertek leaders when carrying out succession planning, which in turn exemplifies the successful mechanics of the Committee.

Andrew Martin
Chair of the Nomination Committee

Nomination Committee report

Continued

Membership of the Committee

During the year, we held two formal meetings. Attendance of members at formal meetings is shown in the table below. The Group Company Secretary attends all formal meetings of the Committee and the Committee invites the CEO and the EVP, Human Resources to attend meetings when the subject matter deems their presence appropriate.

Committee meeting attendance during the year to 31 December 2021

Committee members	Scheduled meetings eligible to attend	Meetings attended
Andrew Martin (Chair) ¹	2	2
Graham Allan	2	2
Gurnek Bains	2	2
Dame Louise Makin (resigned 30 June 2021)	1	1
Lena Wilson (resigned 31 January 2021)	0	0

1. Appointed Chair of the Committee on 1 January 2021.

100%
attendance

Role and key responsibilities of the Committee

- Review the structure, size and composition of the Board and its Committees.
- Identify, review and nominate a diverse pipeline of candidates to fill Board vacancies¹.
- Evaluate the balance of skills, independence, knowledge, experience and diversity on the Board and its Committees.
- Review the results of the performance evaluation process that relates to the composition of the Board and its Committees.
- Review the time commitment required from Non-Executive Directors.
- Review succession plans regularly.

1. Neither the Chairman nor the CEO participates in the recruitment of their own successor.

The full Terms of Reference of the Committee, which were updated in 2019, can be found on our website.

Committee responsibilities and how we met them in the year

Performance evaluation

As part of the annual Board evaluation, the Committee's performance was evaluated by all Committee members and it was shown that the Committee continues to be able and effective in discharging its duties in accordance with its Terms of Reference and the requirements of the Code.

Board and Committee composition

During the year, we continued to monitor the composition of the Board and its principal Committees and the independence of our Non-Executive Directors. We undertook our annual review of the Board's effectiveness and composition. To ensure that the Board comprises a wide range of skills, experience and attributes, the Committee discusses and reviews extensively the experience, skills and behaviours required of future Directors, including the qualities of the individual required to ensure the right fit with the culture and style of Intertek.

The review concluded that the current composition of the Board and each Committee contained a good balance of skills, multi-industry sector and geographic experience, as well as diversity. The Committee also unanimously agreed, following the consideration of the independence of each Non-Executive Director, that each Non-Executive Director continued to be independent in accordance with the criteria set out in the Code. The Chairman was independent upon appointment.

Talent mapping, succession planning and senior management succession

We continue to focus our discussions on the different time horizons within our succession planning, including contingency planning for sudden and unforeseen departures, the orderly replacement of current Board members and senior management, and a longer-term view looking at the relationship between the delivery of the Group strategy and objectives and the skills needed on the Board now and in the future.

As part of our succession planning, the Committee initiated a search for a new Non-Executive Director. In addition to the specific skills, knowledge and experience deemed necessary, the role specification contained criteria such as competency and personal qualities that would be required for the position. The Committee also paid close attention to ensure that the candidate selected exhibited the right behaviours to fit the culture, values and ethics of the Group and would also be able to allocate sufficient time to the Company to discharge their responsibilities.

The Committee engaged Spencer Stuart, an external search agency with no other connection to the Company or its individual Directors, to assist with the selection process. An initial list of potential candidates was produced and shortlisted. The Committee members and the Chairman met separately with the shortlisted candidates, following

which they agreed to recommend to the Board the appointment of Lynda Clarizio who was appointed to the Board on 1 March 2021. Lynda has over 20 years' experience in the media industry and her significant experience in digital measurement and broader technology provides a strong addition to the current skills on the Board.

As outlined in the 2020 Annual Report & Accounts, in 2020, the Board approved the external appointment of Jonathan Timmis as Group Chief Financial Officer, taking over from Ross McCluskey. Jonathan then joined the Board on 1 April 2021.

Jonathan is a Fellow of the Chartered Institute of Management Accounting. He has had an exceptional career with some of the top companies in the world. At Reckitt Benckiser, Jonathan had a number of senior roles including CFO Health, Group Controller, Regional Finance Director for North America and Regional Finance Director for Southern Europe. Prior to his time at Reckitt Benckiser, Jonathan spent several years in senior finance roles with SAB Miller, including three years as the Finance Director of Royal Grolsch and also for its UK business. Jonathan's early career in finance was with PricewaterhouseCoopers.

Ross McCluskey, who was appointed as Group Chief Financial Officer on 22 August 2018, was appointed into an operational role as Executive Vice President Europe and Central Asia with effect from 1 April 2021. Throughout Ross's tenure as Group Chief Financial Officer, the Group's organisation capability significantly strengthened, as well as the cost, cash, control and performance management processes throughout the global finance function.

Following the Board changes previously discussed, subsequently there were a number of changes to the composition of the Committees of the Board: with effect from 1 January 2021, Andrew Martin stepped down as Chair of the Audit Committee in line with Provision 24 of the Code and Jean-Michel Valette was appointed Chair of the Audit Committee with immediate effect. Gill Rider and Lynda Clarizio were also appointed as members of the Audit Committee on 1 February 2021 and 1 July 2021, respectively, and Tamara Ingram was appointed as a member of the Remuneration Committee on 1 July 2021.

With effect from 31 January 2021, Lena Wilson retired from her role on the Board after having served for nearly nine years from the date of her appointment as a Non-Executive Director. In addition, Louise Makin retired from the Board on 30 June 2021 having served for nine years from the date of her appointment. Throughout their tenure, they were both diligent and valued members of the Board and the Committees upon which they served, and we thank them for their enthusiasm, dedicated service and valuable contribution.

Nomination Committee report

Continued

Board reappointments

Having come to the end of her second three-year term as Non-Executive Director on our Board on 30 June 2021, Gill Rider's appointment was reviewed. Following this review, the Board was happy to reappoint Gill for a final three-year term, until 30 June 2024.

Where the reappointment of a member of the Committee is being discussed, they are precluded from any involvement in the discussions. In the instance where the reappointment of the Chairman is being discussed, the Senior Independent Non-Executive Director would chair the Committee meeting.

Biographies for all of the Directors are available on pages 102 to 104, and a resolution for each Director will be proposed at the forthcoming AGM for their re-election.

Board evaluation

The process and findings of the external evaluation of the Board and the evaluations of each Committee and Director are outlined on pages 124 to 125. An evaluation can determine whether there are any gaps in the skills and composition of the Board. Following the last evaluation, it was concluded that the Board, each Committee and each Director continue to perform effectively and contribute to the long-term sustainable success of Intertek. The outcomes and the actions taken from the evaluations undertaken in 2020 and 2021 are outlined on pages 124 to 125 and the feedback from the Board evaluation is taken into account when determining the key skills required for new Directors on the Board for the future.

Diversity Policy

The Board and the Committee are committed to achieving a Board which embraces diversity in culture, gender, skills, background, regional and industry experience and other qualities to truly reflect the diverse nature of our business which operates in more than 100 countries. All of these factors are considered in determining the composition of the Board to ensure that we have the best people to lead Intertek, a leading Quality Assurance provider to industries worldwide.

In identifying suitable candidates to recommend for appointment to the Board, the Committee considers all candidates on merit, against objective criteria, and with due regard for the benefits of diversity on the Board to achieve the most effective Board possible.

Due to the strategic importance of talent mapping and succession planning to the long-term sustainable success of the Group, the Board, as a whole, discusses and supports succession planning in the Leadership Team and as part of that discussion review the diversity, as well as talent mapping across the Group in respect to Regional, Country and functional roles.

Chairman and Non-Executive Director Appointment Process

Skills and Composition Review

The Committee reviews the structure and composition of the Board, in turn considering the balance of skills, experience, industry and geographic experience and knowledge, diversity, independence, cognitive and personal strengths of the current Board. When considering these factors, the Committee is mindful of attributes which are favourable to assist in the delivery of the Group's strategy.



Creating the Brief

The Committee, following the skills and composition review, compile a brief for the vacant position which outlines favourable characteristics and attributes that they desire the appointed individual to hold. This brief is then shared with the chosen consultant who will utilise the brief to compile a list of suitable candidates.



Longlist and Shortlist Review

The appointed consultant presents an initial longlist of candidates. This list is then shortlisted using the brief as a guide to determine suitability.



Due Diligence

Once the candidates are shortlisted, initial interviews are held and the shortlist reduced further. The final candidates are invited to separate meetings with the Committee members and the CEO.



Recommendation

Once a preferred candidate is chosen, the Committee makes a recommendation to the Board to appoint the individual into the vacant position.

This has enabled the Board to gather insights on the key success factors desired for senior roles within the Group and support in developing a diverse pipeline in order to drive the Group's 5x5 strategy. The Leadership Team can be found on page 105.

Our policy on Board gender diversity, which is available on our website at [intertek.com](https://www.intertek.com), supports the recommendations of the FTSE Women Leaders Review (formerly the Davies Review and Hampton-Alexander Review) ('Review'), which encourages at least 33% representation of women on FTSE 350 boards and with the Parker Review 'Beyond One by 21', which recommended that FTSE 100 company boards should have at least one ethnically diverse Director by 2021.

We met and complied with both the targets outlined in the Review and the Parker Review by the end of 2020. As at 31 December 2021, we had three female Non-Executive Directors representing 33% female membership and one ethnically diverse Director on the Board.

The gender balance, ethnicity and geographical heritage of the Board as at the date of this report is set out in the diagrams on the next page. Also, one of our key performance indicators is to increase the proportion of women in senior leadership roles to 30% by 2025. Intertek's Inclusion & Diversity policy eliminates discrimination to ensure that employees are treated fairly and feel respected and included in the workplace, which is vital as our people are core to the delivery of the best service to customers and driving the strategy of Intertek. As at 31 December 2021, as per the definition in the Code, the senior management gender balance was 17 male and three female and their direct reports were 208 male and 69 female. Further details regarding gender balance across the Group is outlined on page 77 within this report.

The Committee continues to monitor the overall inclusion and diversity of Intertek's leadership at Board and senior management level, to ensure the broadest range of leaders are considered for new appointments.

Nomination Committee report
Continued

Skills and experience on the Board as at 31 December 2021

Director	Consulting	Risk Management	Customer Service/Care	People	Finance	International	Sustainability	Digital/ Technology	UK Listed Company Director	Previous/ Current CEO	UK NED Experience
Andrew Martin ¹		✓	✓		✓	✓	✓		✓		✓
André Lacroix		✓	✓	✓	✓	✓	✓		✓	✓	✓
Jonathan Timmis ²		✓			✓	✓	✓	✓	✓		
Graham Allan	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Gurnek Bains	✓	✓	✓	✓		✓	✓		✓	✓	✓
Lynda Clarizio ³		✓	✓	✓	✓	✓	✓	✓		✓	
Tamara Ingram			✓		✓	✓	✓	✓	✓	✓	✓
Gill Rider	✓	✓	✓	✓		✓	✓		✓		✓
Jean-Michel Valette	✓	✓	✓		✓	✓	✓		✓	✓	✓

- 1. Appointed Chairman on 1 January 2021.
- 2. Appointed 1 April 2021.
- 3. Appointed 1 March 2021.

In the FTSE Women Leaders Review (formerly the Hampton-Alexander Review) 2022, Intertek is ranked:

72 out of 98

FTSE 100 rankings for Women on Boards and in Leadership

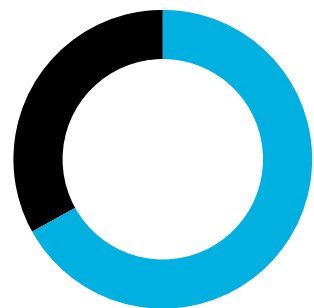
Ranked

34

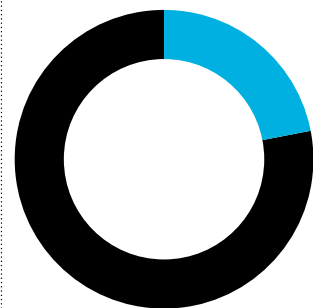
of 48 in the Industrial Goods & Services sector across the FTSE 350

Board composition and diversity as at 31 December 2021

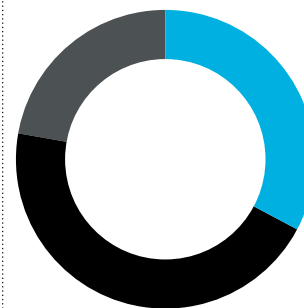
Board balance by gender



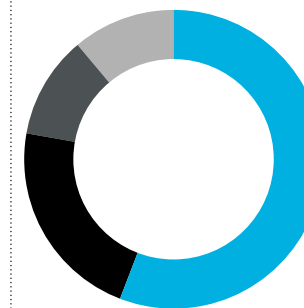
Board balance by independence



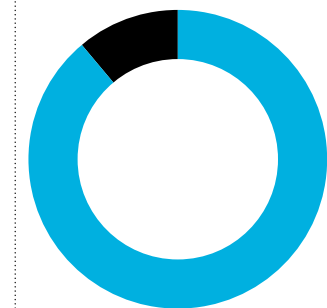
Board tenure



Geographical heritage



Board ethnicity



Audit Committee report

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I was delighted to welcome Gill Rider and Lynda Clarizio as members of the Committee on 1 February 2021 and 1 July 2021, respectively. Their combined extensive global business experience has brought valuable skills and insights to the Committee table."



Jean-Michel Valette
Chair of the Audit
Committee

Dear shareholder

On behalf of the Audit Committee ('Committee'), I am pleased, as its new Chair, to present the Committee's report for 2021.

I took up my current role with effect from 1 January 2021 following Andrew Martin's move to become Chairman of the Board at the start of 2021. Since then, I have been delighted to welcome Gill Rider and Lynda Clarizio as members of the Committee on 1 February 2021 and 1 July 2021 respectively, and to benefit from their combined global business experience around the Committee table. We were sad to lose the valuable contributions of both Louise Makin and Lena Wilson as members of the Committee when they retired as directors in June and January respectively. I would like to express my grateful thanks to both Louise and Lena for their service on the Committee.

This report aims to outline the activities and the responsibilities of the Committee, and is intended to provide shareholders with an insight into key areas considered in scrutinising the conduct of the business, its management and auditor, to protect the interests of our shareholders, the livelihoods of our employees, and the confidence of our customers and other stakeholders in the long-term financial strength of our Group.

As Chair of the Committee, I shall, as did my predecessor, make myself available to shareholders,

especially at the AGM, to facilitate the answering of any questions that they may have around the scope of the Committee's responsibilities as a whole, the Committee's activities throughout the year, and any other questions that may arise from this report. However, as with many aspects of our business during the year, the priority for the 2021 AGM was to ensure our shareholders safety, making a physical meeting unsuitable but arrangements were put in place to ensure that shareholders were able to participate using Microsoft Teams and given the opportunity to ask the Committee any questions.

During 2021, whilst the Committee's primary focus centred on the accuracy of the Group's financial reporting, we have applied additional focus to assess the risk management and internal control framework, together with the additional work carried out to support the long-term viability statement. Regardless of the pandemic, Intertek's business model remains resilient, but like other companies operating during these challenging times, we continue to support and closely monitor the financial results of the Group.

The Committee has also been monitoring the heightened scrutiny on the external reporting of ESG and more specifically sustainability and the effects of climate change on companies. Intertek is now required to 'comply or explain' against the Task Force on Climate-related Financial Disclosures ('TCFD') and these disclosures are outlined in this Annual Report & Accounts. Following the request of the Committee in February 2021, PwC held workshops with management and the Committee in June and July 2021 to explore these requirements in further detail. As part of TCFD compliance, we have reviewed and approved management's assessment of the physical and transitional environmental risks to the Group.

We advised the Board that the 2021 Annual Report & Accounts are fair, balanced and understandable and provides the necessary information for our shareholders to assess the Group's position, performance, business model and strategy. The process of review is described in greater detail on page 134.

PricewaterhouseCoopers LLP ('PwC') completed their sixth full audit of the Group for the year ended 31 December 2021. During the year, the Committee reviewed and agreed the independence and

Audit Committee report

Continued

effectiveness of the audit process, in establishing positive relationships and providing a good level of service to the Group, even though due to the pandemic the majority of the work during 2021 was undertaken remotely, whilst seeking continual improvements in the audit of Intertek.

Throughout the year, the Committee also ensured that separate meetings with the CFO, Group Audit Director and the external auditor took place without management present in order to provide an open forum for any issues to be raised.

An external evaluation of the Committee was conducted during the year, and concluded that the Committee is effective in discharging its duties in accordance with its Terms of Reference and the requirements of the Code.

Jean-Michel Valette Chair of the Audit Committee

Committee composition

The Board is satisfied that the Committee, led by Jean-Michel Valette, has the recent and relevant financial experience and competence relevant to the sectors in which Intertek operates, required by the Code. Jean-Michel, Gill and Lynda collectively possess the qualities which, when complemented by Jean-Michel's relevant Executive and recent extensive Non-Executive financial experience, including his current role as Chair of the Audit Committee of the Boston Beer Company in the US, enable an effective committee. Previous to his role at Boston Beer, Jean-Michel has been Audit Committee Chair of each of Sleep Number, Inc and Peet's Coffee & Tea Inc, where, in each case, he was designated Audit Committee financial expert. The Committee's collective experience in the roles of Chief Executive Officer, as well as other senior global positions, demonstrates their ability to oversee key risks, not just financial, as well as maintain the intellectual curiosity and the professional challenge needed to operate effectively as a committee.

During 2021, the composition of the Committee met the requirements of the Code.

Effective 1 January 2021, Andrew Martin stepped down as Chair of the Committee and Jean-Michel Valette took up his position. Following the retirement of Lena Wilson as a Director on 31 January 2021, Gill Rider was appointed a member of the Committee with effect from 1 February 2021. Furthermore, following the retirement of Louise Makin as a Director on 30 June 2021, Lynda Clarizio was appointed a member of the Committee with effect from 1 July 2021.

On appointment, new Committee members receive an appropriate induction, consisting of meetings with senior management and the Group's internal and external auditors, a review of the Terms of Reference, previous Committee meeting papers, minutes, and information on the Group's financial and operational risks.

An overview of the background, knowledge and experience of the Committee Chair and each of the Committee members can be found on pages 102 to 104 and in the Notice of the AGM.

During the year, the Committee held four formal meetings. Attendance of members at meetings is shown in the table below.

Committee meeting attendance during the year to 31 December 2021

Committee members	Scheduled meetings eligible to attend	Meetings attended
Jean-Michel Valette (Chair) (appointed Chair on 1 January 2021)	4	4
Lynda Clarizio (appointed 1 July 2021)	2	2
Dame Louise Makin (resigned 30 June 2021)	2	2
Gill Rider (appointed 1 February 2021)	4	4
Lena Wilson (resigned 31 January 2021)	0	0

100%
attendance

Performance evaluation

The internal evaluation of the performance of the Committee was conducted during the year and entailed the completion of a detailed questionnaire by each of the Committee members, review and discussion of the results of the evaluation and identifying and agreeing areas for improvement. The Committee reviewed their functionality, members' individual strengths and identified any additional training that may be beneficial. The review concluded that the timing of meetings and clear annual agenda worked well, the composition of the Committee was good with the two new members bringing fresh perspectives to the discussions, there was very thorough reporting by the Chair and the Committee to the Board and the meeting materials of a very good quality. It was shown that the Committee is able and effective in discharging its duties in accordance with its Terms of Reference and the requirements of the Code.

Committee responsibilities and how we met them in the year

The Committee has specific responsibilities delegated to it by the Board and the full Terms of Reference of the Committee can be found at intertek.com. The Group Company Secretary, the audit partner and members of his team attended all meetings held during the year. At the invitation of the Committee, the Chairman, CEO, CFO, Group Director of Financial Reporting and the Group Audit Director attended meetings. Other members of senior management were invited to attend the meetings as necessary.

The business of the Committee is linked to the Group's financial calendar of events and the timetable for the annual audit. The table overleaf outlines what the Committee considered during 2021.

Financial Reporting

A principal responsibility of the Committee is to monitor the integrity of the financial statements of the Group, having regard to the matters communicated to us by the external auditor, and to measure the performance of the Group against the financial goals of our strategy. This is key for our shareholders and other stakeholders in order for them to understand the financial strength of the business.

In order to fulfil this responsibility, we reviewed the full-year and half-year results, as well as any formal announcements relating to the Group's financial performance, prior to release. We also reviewed significant accounting policies and confirmed that it remains appropriate to report as a going concern.

Going concern

We received a detailed report from management with the approach taken to the going concern statement and viability statement which included the projected funding requirements, the facilities available to the Group, the sensitivity models used including an illustrative severe yet plausible downside scenario of a reduction of 30% to the base profit forecasts and the corresponding impact to cash flow forecasts in both 2022 and 2023 and the review of principal risks and uncertainties undertaken.

The Committee reviewed the paper and challenged the assumptions with management and after making diligent enquiries, the Directors have a reasonable expectation, based upon current financial projections and bank facilities available, that the Group has adequate resources to continue in operation and meet its liabilities as they fall due over the period. This conclusion is based on a review and an assessment of the levels of facilities expected to be available to the Group, based on levels of cash held, Group Treasury funding projections, and the Group's financial projections for a period to 31 December 2022. As disclosed in note 14 of the financial statements, equivalent borrowing levels are expected to be available at 31 December 2022. Note that \$640 million of USPP debt was raised during December 2021 and will be drawn during Q1 of 2022. The proceeds will be used to repay US\$140 million

Audit Committee report

Continued

Committee's activities during 2021

February	May	July	December
Management Highlights Memorandum for the year ended 31 December 2020	Intertek Assessment of PwC Effectiveness	Management Highlights Memorandum for the period ended 30 June 2021	Accounting update paper for the year ended 31 December 2021
Viability Statement	PwC Audit Plan and strategy for the year ended 31 December 2021	Going Concern assessment	Internal controls update
Going Concern assessment	Internal Audit Report Q1 2021	PwC Interim review findings for the period ended 30 June 2021	Group Risk Process and Viability Statement basis of preparation for the year ended 31 December 2021
Letter of Representation to PwC and Statement of Directors' Responsibilities for the year ended 31 December 2020	Treasury policy update	Letter of Representation and Statement of Directors' Responsibilities for the period ended 30 June 2021	Core Mandatory Controls and Assurance Map update
PwC report to the Committee for the year ended 31 December 2020 and independence confirmation	Private meeting without management with the Group Audit Director	Draft 2021 Half-Year Results	Non-audit fee update
Draft 2020 Full-Year Results		Internal Audit Q2 2021 update, draft 2022 audit plan and organisation update	PwC pre-year end accounting and controls update
Policy for engagement of External Auditors, spend for 2020 and pre-approval of non-audit activities for the year ended 31 December 2021		Private meetings without management with (i) PwC and then (ii) the CFO	Internal Assessment of Internal Audit effectiveness
Internal Assessment of Internal Audit Effectiveness			Internal Audit Report H2 2021
Internal Audit Report Q4 2020			Internal Audit Plan for 2022 and Internal Audit Charter
2021 Rolling Committee Agenda			Private meetings without management with Group Audit Director
2020 Evaluation of the Committee			
Committee Terms of Reference			
Private meetings without management with (i) PwC and then (ii) the CFO			

of senior notes that matured in January 2022 and SAI Acquisition Facility B drawings of AU\$264 million and US\$291 million in March 2022. Following the recommendation of the Committee, the Board continues to consider it appropriate to adopt the going concern basis in preparing the Group's financial statements (as disclosed in note 1 of the financial statements on page 179) and has approved the long-term viability statement as set out on page 44.

External auditor

The appointment, review and relationship with the external audit firm and the annual review of the effectiveness of the external audit is a responsibility that is delegated to the Committee.

The Committee monitors and reviews the independence and objectivity of the external auditor and reviews the effectiveness of the external audit process. The Committee also considers and makes recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, reappointment and removal of the Group's external auditor. It ensures that at least once every ten years the audit services contract is put out to tender to enable us to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms.

A transparent and independent audit tender process was completed in 2015 and PwC have been the Group's auditors since May 2016. In line with current regulation, the Group is required to put its external audit process out to tender again in 2025–2026. In May 2021, Ian Chambers stepped down from his role as the Audit Partner after serving as the Audit Partner since May 2016, and Graham Parsons was appointed as the new Audit Partner. Graham attended his first committee meeting in May 2021, and an extensive induction took place to ensure a smooth uninterrupted handover from Ian Chambers. The induction included visits to many Intertek locations both in person and remotely using technology.

The independence of the external auditor is critical for the integrity of the audit. The Committee sought confirmation from the auditor that they are fully independent from the Group's management, are free from conflicts of interest and have assessed the nature and level of non-audit fees paid to PwC and have determined that PwC are fully independent.

Effectiveness of the external audit process

The Committee conducts an annual review to assess the independence and objectivity of the external auditor and the effectiveness of the audit as part of the year-end process. This process is conducted in three parts as outlined on the next page:

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- PwC presents to the Committee its approach to safeguarding and maintaining the quality and independence of their audit of the Group and their auditors, including addressing any risks they face in maintaining audit quality across their network. This is an extensive report covering all aspects of the audit from the scope of work, reporting the outcomes of findings, the key audit matters, fraud and investigations, intercompany transactions, treasury, key risks, going concern and IT environment. Each aspect is reviewed and debated with the auditors. The Committee was satisfied that the audit was extensive, sufficiently challenging and robust.

Following the completion of PwC's 2020 audit, the Committee was informed that the Audit Quality Review function of the Financial Reporting Council had chosen the Group's audit for its review. The Committee has received a copy of the review and was pleased to note that it did not identify any key findings and only a limited number of improvements were required.

- The views of management and the Directors on PwC's service, level of challenge, and application of professional judgement are obtained via a questionnaire, and subsequent follow up as necessary. The feedback is then presented to the Committee.
- The key findings and recommendations from both processes, together with any form of appropriate external valuation such as feedback from shareholders and the FRC Audit Quality Inspection Report then form the basis of the assessment of PwC's effectiveness, together with the Committee's experience of dealing with PwC during the year.

The responses to the annual appraisal questionnaire were collated and incorporated into the planning process for the following areas: Planning, Fieldwork and Reporting.

Following this review, the Committee considered in detail the feedback received from a selection of Intertek personnel, including Committee members, group functions, regional finance teams and country finance managers. The feedback scores from the survey demonstrated an increase in the scores compared with prior year for two of three sub-categories of Planning and Fieldwork. The overall perception of PwC's effectiveness remains positive, with 97% of respondents either agreeing or mostly agreeing with the statements outlined in the questionnaire. Overall, the audit went smoothly particularly given the challenge of performing the audit remotely in many locations. Indeed, several respondents commented that there were efficiencies gained from this approach with meetings becoming more targeted and focused. The audit findings and the areas to improve were discussed at the May 2021 Committee meeting and PwC effectively addressed questions and challenges provided by Committee members.

The Committee concluded, at the meeting held in May 2021, that PwC remained independent and that, overall, PwC had completed a robust

and fit-for-purpose audit process across the Group with a satisfactory level of resources.

The effectiveness of the 2021 audit of the Group will be reviewed by the Committee in May 2022.

Audit and non-audit fees

The Group has set out a policy on the provision of non-audit work by the external auditor consistent with the 2019 Ethical Standard issued by the FRC and it is designed to ensure that the provision of such services does not create a threat or compromises the external auditor's independence and objectivity.

The policy outlines in detail the services that the external auditor cannot provide including tax services, services that involve playing any part in the management or decision-making of the audited entity amongst others. It identifies certain types of engagement that the external auditor shall, subject to the audit cap, be permitted to undertake, including with respect to audit-related services such as reporting required by law or regulation to be provided by an auditor, reviewing interim financial information, reporting on regulatory returns, reporting to a regulator on client assets and reporting on government grants. With respect to non-audit services, the policy outlines the services that can be provided by the external auditor as required by law or regulation and are exempt from the non-audit fee cap.

In the event that an engagement for non-audit services arises, the policy is designed to ensure that the external auditor is only appointed where it is considered to be the most suitable supplier of the service and the necessary prior approvals have been given in accordance with the policy.

The Committee annually reviews and re-approves the framework of permitted non-audit services as set out in the policy, taking into account any changes in legislation and best practice. PwC also provides an update on the spend for non-audit services twice a year. For 2021, the Committee pre-approved a total non-audit spend of £250,000.

As per the policy, all non-audit services have to be approved by the CFO, and in the event that the pre-approved limit is exceeded, the Committee Chair and the CFO have to approve an increase to the pre-approved limit. In 2021, this process operated effectively.

A summary of the fees paid for non-audit services is set out in the next column. The majority of the non-audit fees related to a review by PwC of the Interim Results announcement, which is deemed a non-audit service. This was considered appropriate as PwC also audit the full-year results.

Further information is contained in note 4 to the Financial statements on page 184.

Audit fee breakdown for services provided by PwC in 2021

	2021 £m	2020 £m
Total non-audit fees	0.1	0.2
- audit-related services	0.1	0.2
- tax services	-	-
- other non-audit services	-	-
Audit fee	4.7	4.8
% of audit fee	2%	4%

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 ('CMA Order') - Statement of compliance

The Group confirms that it complied with the provisions of the CMA Order for the financial year under review.

Internal audit

The Group has an Internal Audit function, whose activities are overseen by the Committee, which provides assurance over compliance with the Group's framework of financial CMCs.

The Committee monitors and reviews the effectiveness and resources of the Internal Audit function. To this end, the Committee approves the Internal Audit programme and charter for the year. The Committee reviews the internal audit reports and monitors management's responsiveness to the findings and recommendations of the Group Audit Director, as well as approving the appointment and removal of the Group Audit Director as appropriate. The Committee noted that, despite the ongoing pandemic, the Internal Audit team had completed the full programme of audits planned for the year. When reviewing the summary findings, management responses, progress against audit recommended improvement plans and average compliance scores, the Committee were satisfied that the Internal Audit function continued to work effectively and focus its activities in the areas with most need.

Independent review of effectiveness

An independent review of effectiveness, which is generally carried out every three years, was undertaken by Grant Thornton in 2019. Their approach considered four key areas: Performance, Planning, People and Positioning. The review concluded that Internal Audit is a valued function of the business and that their role in defining expectations and improving compliance with the financial CMCs is widely acknowledged. They further concluded that the function exhibits a number of areas of good practice, in particular in the continuous improvement agenda of the team, as well as their innovative processes and reporting. The report also highlighted that the remit of the Internal

Audit Committee report

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Audit role could evolve and expand in the future. Given dislocations due to Covid-19, the next review of effectiveness will be in 2023.

In 2021, the Committee:

- Oversaw the independence of Internal Audit by maintaining a direct independent reporting line between the Group Audit Director and the Committee Chair, and by meeting with the Group Audit Director without the presence of management.
- Approved the audit plan aimed to ensure that all significant businesses have received multiple audits considering the ongoing impact of Covid-19 on the ability to undertake internal audits. The Committee gave due consideration to local Government Covid-19 regulations in each country and reviewed the audit plan accordingly with internal audits outside of the US and China being carried out remotely.
- Reviewed reports on internal audit activities including overall progress in delivering the plan and summaries of each audit performed, with commentary on compliance with the financial controls framework, areas of good practice and areas for improvements. The Committee has noted a steady improvement in audit scores over the period since the introduction of the Core Mandatory Controls framework.
- Monitored management progress on addressing audit actions.
- Reviewed the annual assessment on the effectiveness of the Group Internal Audit function which included feedback from key business stakeholders. An action plan for areas of improvement was approved.

The Committee satisfied itself that the quality, experience and expertise of the function is appropriate for the business.

Fair, balanced and understandable assessment

The Code depicts that through its financial reporting, the Board should provide a fair, balanced and understandable assessment of the Group's position and prospects. We, at the Board's request, reviewed the 2021 Annual Report & Accounts to determine whether, taken as a whole, the report meets the standard prescribed, whilst simultaneously providing shareholders with the necessary information to facilitate their assessment of the Group's position, performance, business model and strategy.

In justifying this statement, the Committee has considered the robust process that underpins it, which includes:

- clear guidance and instruction given to all contributors, including at business line level;
- revisions as a result of regulatory requirements monitored on a regular basis;
- pre year-end discussions held with the external auditor in advance of the year end reporting process;
- pre year-end input provided by the senior management team and from corporate functions;
- a verification process dealing with the factual content of the reports to ensure accuracy and consistency;
- comprehensive review by the senior management team to ensure

- overall consistency and balance;
- review conducted by external advisers and the external auditor on best practice with regard to the content and structure of the Annual Report & Accounts;
- review and consideration of the financial statements by the Committee; and
- final sign-off by the Board.

Internal control and risk management systems

A key focus for the Committee is to monitor throughout the year and keep under review the adequacy and effectiveness of the internal financial controls and the internal control and risk management and assurance systems across Intertek.

'Doing Business the Right Way' is at the heart of what we do and is a key enabler of our 5x5 strategy for growth. The Intertek Core Mandatory Controls ('CMCs') are an integral part of 'Doing Business the Right Way', and provide the mechanism by which we define, monitor and achieve consistently high standards in our control environment throughout the whole organisation. At the end of the year, the Committee undertook a review of the effectiveness of the CMCs and Assurance Map to ensure that they continued to be fit for purpose. Where non-compliances with the current CMCs were identified in the 2021 internal audit review process, remediation plans have been put in place. For 2022, the effectiveness of the process was reviewed and there were additional controls introduced to address the areas for improvement identified in 2021. The new controls for 2022 relate primarily to areas of finance control improvement identified during 2021 and data and IT asset security and IT/systems access rights. Training on the financial CMCs is mandatory for all finance team members, with certification for successful completion of scenario-based test questions.

In order to provide assurance that the Intertek controls and policy framework is being adhered to, a self-assessment exercise is undertaken across the Group's global operations. This exercise is reviewed and refreshed each year to align to the updated control framework and to support the continued development of the Group's control environment. An online questionnaire requesting confirmation of adherence to controls: financial, operational, HR and IT is sent to all Intertek operations. Where corrective actions are needed, the country is required to provide an outline and a confirmed timeline. The results are used as an input for the Internal Audit and Compliance Audit assurance work for 2022.

Self-assessment responses are consolidated for review at a regional level, with further review and sign-off of the consolidated self-assessments in the regional risk committees, before a final consolidated CEO and CFO review. A final summary assessment is provided to the Committee. The self-assessment exercise has been reviewed during the year to ensure global coverage and to reflect Intertek's operational and

financial structure, and in order to enhance the alignment of the self-assessment to the assurance process.

We annually review and approve the statements to be included in the Annual Report & Accounts to ensure they remain relevant to the Group's strategy and operations as well as complying with any regulatory requirements. A detailed verification programme also provides assurance to the Committee and the Board when checking that all the statements made in the Annual Report & Accounts are accurate. Intertek's Manual of Accounting Policies and Procedures is issued to all finance staff giving instructions and guidance on all aspects of accounting and reporting that apply to the Group. More information on the risk governance and management system and processes is outlined on pages 167 to 169. The Committee can confirm that it reviewed the Group's internal controls and risk management systems and concluded that there was an effective control environment in place across the Group during 2021, and up to the date on which these financial statements were approved. No significant failings or weaknesses were identified.

Further information on how Intertek has implemented an end-to-end integrated approach to risk, control and compliance is outlined on pages 167 to 169.

Whistleblowing and fraud

We reviewed the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. We are advised of any significant notifications from the whistleblowing hotline and updated on the investigations undertaken, conclusions and actions taken.

In addition, we review the Group's systems and procedures for detecting fraud, the prevention of bribery and receive regular reports on non-compliance and keep under review the adequacy and effectiveness of the compliance function.

Significant issues considered by the Committee

In preparation for each year end, the Committee reviews the significant accounting policies, estimates and judgements to be applied in the financial statements and discusses their application with management. The external auditor also considers the appropriateness of these assessments as part of the external audit. The Committee's views, comments and their insights are used to inform the processes and approach taken by management in all areas of significant risk, thus facilitating a Group-wide consistent and prudent approach.

In accordance with the Code, the external auditor prepares a report for the Committee on both the half-year and full-year results, which summarises the approach to key risks in the external audit and highlights any issues arising out of their work on those risks, or any other work undertaken on the audit.

Audit Committee report

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During the year, the Committee reviewed and considered the following estimates and areas of judgement to be exercised in the application of the accounting policies:

Area of Judgement	Committee comment
Claims	<p>From time to time, the Group is involved in various claims and lawsuits incidental to the ordinary course of business. The Committee considered the claims provision which reflects the estimates of amounts payable in connection with identified claims from customers, former employees and others. The Committee noted that once claims have been notified, the finance teams liaise with the business to determine whether a provision is required, based on IAS 37 <i>Provisions, Contingent liabilities and Contingent assets</i> ('IAS 37').</p> <p>The level of provision is subsequently reviewed on a regular basis with the Group General Counsel, taking into account the advice of external legal counsel. The Committee, following assurance from management and review of the position by the external auditor, considered and agreed that the claims provision, and associated disclosures, were appropriate given the size and status of claims reported.</p>
Taxation	<p>The determination of profits subject to tax is calculated according to complex laws and regulations, the interpretation and application of which can be uncertain. In addition, deferred tax assets and liabilities require judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income. The main areas of judgement in the Group tax calculation are the expected central tax provisions for the full year, including provisions related to transfer pricing risk, and the recognition of the UK deferred tax asset.</p> <p>Twice a year, the Committee receives a report from management providing an evaluation of existing risks and tax provisions which is reviewed by the Committee. The Committee also considered reports presented by the external auditor before determining that the levels of tax provisioning were appropriate.</p>
Revenue Recognition	<p>IFRS 15 Revenue from contracts requires an entity to recognise revenue in a way that shows the transfer of goods/services promised to customers is an amount that reflects the expected consideration in return for transferring control of those goods or services to the customer.</p> <p>The Committee reviewed the work completed regarding revenue and taking into account the views of the external auditor, agreed that the treatment was appropriate.</p>
Acquisitions and fair value accounting	<p>The Committee was advised of the approach taken to acquisitions made in 2021 where their related fair values have been recognised on a provisional basis. Such provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Details of acquisitions in 2021 are set out in note 10 on page 192.</p> <p>The Committee, following assurance from management and review of the position by the external auditor, was satisfied that the treatment was appropriate.</p>
Impairment of Goodwill and other acquired intangible assets	<p>The Group is required to make judgements to estimate the fair value of assets and liabilities acquired; in particular, the amounts attributed to intangible assets such as titles, brands, acquired customer lists and associated customer relationships. These judgements impact the amount of goodwill recognised on acquisitions. As outlined in note 9 the Group has £1,241.4m of Goodwill which has arisen on acquisitions. An impairment assessment is required at least annually in respect of this amount.</p> <p>The Committee noted the update as at the year end and, taking into account acquisitions made during the year, and after seeking confirmation from the external auditor, agreed the disclosure in note 9 on pages 189 to 192.</p>
Accounts receivables and accrued income	<p>The Group takes a prudent approach to provisioning of accounts receivable and accrued income balances in-line with IFRS 9, <i>Financial Instruments</i>.</p> <p>The Committee noted the update as at the year-end and, considering the views of the external auditor, agreed that the Group's provision was appropriate.</p>
Consideration of Climate Change	<p>Mandatory TCFD reporting for premium listed entities has driven significant momentum regarding climate change related disclosures. The Group has set out its consideration of climate change in respect of an impact on the financial reporting judgements and estimates arising from our assessment of climate change on the Group as a whole.</p> <p>The Committee reviewed the approach taken to consider the impact of climate change and the disclosures on pages 50 to 54 and taking into account the feedback from the external auditor agreed the approach taken and the related disclosures.</p>
Pensions	<p>The Group operates a number of post-employment plans. In most locations, these are defined contribution arrangements. However, there are defined benefit schemes in the United Kingdom and Switzerland.</p> <p>Having considered advice from external actuaries and assumptions used by companies with comparator plans, the Committee agreed that the assumptions used to calculate the income statement and balance sheet assets and liabilities for post-employment plans were appropriate (see note 16).</p>

Following reviews and discussions throughout the year of all the relevant papers presented and after considered discussion with management and the external auditor, the Committee had an understanding of the business rationale for transactions and how they were being recorded and disclosed in the financial statements, and therefore agreed that the estimates and areas of judgement exercised by management were appropriate.

Remuneration Committee report



The Board is confident that remuneration at Intertek is aligned to the overall stakeholder experience with the results reflecting the strong performance during 2021."

Gill Rider
Gill Rider
Chair



Dear shareholder,

I am delighted to present our Remuneration Committee report for the year ended 31 December 2021.

Business context

The pandemic has brought to life as never before the importance of Intertek's role in society, and we continue to invest in new opportunities to help foster a better and safer world for all post-Covid-19. With our industry leading capability and expertise, innovation and insight, Intertek is uniquely positioned to seize these compelling growth opportunities. The Group has continued to demonstrate the effectiveness of our long-term '5x5' differentiated strategy for growth in 2021, and this is reflected by our strong progress made in the year:

- Revenue of £2,786.3m: +6.5% at constant rates and +1.6% at actual rates
- Robust LfL revenue growth of 5.6% at constant rates: Products: +7.6%, Trade: +3.0%, Resources +1.7%
- Broad-based LfL revenue growth and record operating profit and margin in H2
- Double-digit adjusted operating profit growth of +15.4% at constant rates and +10.8% at actual rates

- Statutory operating profit of £433.2m, up 19.6% YoY at constant rates
- Strong adjusted operating margin of 17.0%: +130bps at constant rates and +140bps at actual rates
- Double-digit adjusted diluted EPS growth of +16.8% at constant rates and +11.6% at actual rates
- Strong cash conversion delivered free cash flow of £401.8m; financial net debt of £733m, 1.1x EBITDA
- Sustainable returns to shareholders with FY21 dividend of 105.8p in line with 2019 and 2020

2021 AGM voting

At the 2021 AGM, we put forward a revised remuneration policy for shareholder approval, with the primary changes being (i) a reduction of the CEO's pension from 30% of salary to 5% of base salary, and in line with that commitment it will reduce to 20% this year; (ii) significantly increasing the shareholding requirements for our executives; (iii) introducing post-cessation shareholding requirements in line with best practice; and (iv) increasing the maximum LTIP award for the CEO from 250% to 300% of salary. Whilst shareholders provided positive feedback during consultation, the Committee is mindful that only 68.7% felt they were able to support the remuneration policy resolution at the 2021 AGM.

Reflecting on the vote, we again engaged with shareholders to allow them to express any concerns. We learnt that, whilst our shareholders welcomed the reductions being made to the CEO's pension arrangements, some of them were concerned that the reductions were being made over a five-year time period. We also received feedback that shareholders would like to see the introduction of ESG measures into our remuneration framework.

The Remuneration Committee (the 'Committee') intends to engage with shareholders and discuss how we continue to apply the Remuneration Policy. The Remuneration Committee would also like to thank our shareholders who took part in the engagement process and values the feedback and insights we have gained.

Remuneration Committee report

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Pay for performance in 2021

For 2021, Executive Director incentive awards were based purely on financial performance. As set out earlier in the Annual Report & Accounts, in an external economic environment that continues to be challenging, Intertek has delivered strong financial performance with 1.6% growth in revenue (6.5% at constant currency) and 10.8% growth in adjusted operating profit (15.4% at constant currency), an adjusted operating margin of 17.0% (up 130bps at constant currency), a proposed full-year dividend of 105.8p and ROIC of 18.2%. Based on our predetermined performance matrix, the Committee approved an annual incentive result of 85% of maximum. Our shareholders will remember that the majority of employees in the whole Group have a bonus that is linked to the same metrics that we use throughout the business.

Over the longer term, the three-year performance of the Group has delivered EPS CAGR growth of 0.8% and total shareholder return of 12.7%, slightly below the median of the FTSE 31-130. This has resulted in a pay-out under the 2019 long-term incentive award of 0%.

When determining incentive outcomes the Committee exercised independent judgement, taking into account a number of internal and external considerations to determine whether the results felt appropriate, including:

- overall share price performance in the year and the implementation of our progressive dividend policy, which rewarded our shareholders with a £115.6m payout for the final 2021 dividend;
- the strategic actions taken by the Board to invest organically and inorganically to seize the attractive growth opportunities; and
- the overall stakeholder experience over the year, including the experience of our clients, employees and communities.

It was the view of the Committee that the incentive outcomes appropriately reflected performance in the period and the wider shareholder experience, and the Remuneration Policy operated as intended and therefore no discretion was applied.

Implementation of our Remuneration Policy in 2022

As we considered the effectiveness of our Remuneration Policy, we believe it is working well and achieving our business objectives. For this reason, we intend to continue the operation of the new policy with some minor adjustments as detailed below. Our Remuneration Policy is delivered consistently at all levels of the wider workforce. The alignment of measures and metrics right through the organisation is one of the key aspects of the policy.

Salary increases in the UK will amount to an overall increase of 2% in payroll cost. Given the strong performance delivered by the executive directors, the Committee has awarded the CEO and CFO a 2% salary increase.

Reflecting shareholder comments regarding ESG, we are proposing a change to the operation of our annual incentive plan for 2022. The annual incentive is currently based 100% on financial performance: 80% based on a matrix of revenue and adjusted operating profit growth and 20% based on ROIC. Keeping in mind the Group's wider purpose of bringing quality, safety and sustainability to life, the Committee considered it would be appropriate to incorporate an ESG element into the annual incentive framework. The ESG element will have a 15% weighting and be based on performance against a Carbon Emissions target. We have signed up to the Science Based Targets initiative, which means that the ESG element will be based on independently verified science-based emission targets. The 2022 annual bonus will therefore be based on: 70% matrix of revenue and adjusted operating profit growth, 15% ROIC and 15% ESG. No changes are proposed to quantum, which will remain at a maximum of 200% of salary for both the CEO and CFO. We believe this is an important step forward for Intertek and aligning the whole organisation behind the ESG metric will make a big positive difference.

No changes are proposed to the LTIP framework, with awards of 300% and 200% of salary to be granted to the CEO and CFO respectively. Awards will be based on three equally weighted metrics, Earnings Per Share, Adjusted Free Cash Flow and Return on Invested Capital, with details of the underlying targets for the awards set out on pages 147 and 148.

Alignment with strategy and purpose

Our Core Purpose of "Bringing Quality, Safety and Sustainability to life" has never been more meaningful than in the present context, as we continue to navigate the long-lasting impacts of the pandemic. Our Purpose is supported by our Values, and we pride ourselves in living our Values, with integrity and fairness sitting at the heart of all our decisions. We believe that our remuneration policy and its implementation are value-based, and will create sustainable momentum of the business, our people, our customers and our shareholders in the years to come, whilst also supporting the sustainable delivery of Intertek's clear and powerful differentiated 5x5 growth strategy.

Wider workforce

I would also like to take a moment to thank all of our colleagues for having delivered a strong performance in 2021. Despite the impact of the pandemic on our lives, the incredible work that our colleagues do every day has continued. Collectively Intertek colleagues make a huge positive impact for our customers, communities and for the world.

The Board is confident that remuneration at Intertek is aligned to our shareholder interests and carefully designed to support our strategy. I look forward to your support at our forthcoming AGM.

Yours sincerely,

Gill Rider
Chair of the Remuneration Committee

Remuneration Committee report

Continued

DIRECTORS' REMUNERATION POLICY

The section below sets out the Remuneration Policy for Executive and Non-Executive Directors, which was approved by shareholders at the AGM on 26 May 2021. There is no change to the Remuneration Policy this year in-line with normal practice. The full Policy is set out in the 2020 Annual Report & Accounts. Some sections of the Policy have been updated to reflect how it was applied in 2021 and our proposed implementation of the Policy in 2022.

In determining the Remuneration Policy, which was approved last year, the Committee followed a robust process which included discussions on the content of the Policy at two Remuneration Committee meetings. The Committee considered input from management, although conflicts of interest were managed with decisions being taken by the members of the Remuneration Committee, and our independent advisers as well as in the context of best practice and guidance from our major shareholders and the proxy advisory bodies.

Policy overview

We continue to focus on ensuring that our Remuneration Policy is appropriate for the nature, size and complexity of the Group, encourages our employees in the development of their careers and is aligned to the Company's strategy and is in the best interests of the Company and its stakeholders. It is directed to deliver continued sustainable profitable growth.

Our remuneration strategy is to:

- align and recognise the individual's contribution to help us succeed in achieving our 5x5 differentiated strategy for sustainable growth;
- attract, engage, motivate and retain the best available people by positioning total pay and benefits to be competitive in the relevant market and in line with the ability of the business to pay;
- reward people equitably for the size of their responsibilities and performance; and
- motivate high performers to increase shareholder value and share in the Group's success.

Each year the Committee approves the overall reward strategy for the Group and sets the individual remuneration of the Executive Directors and certain senior management. The Committee reviews the balance between base salary and performance-related remuneration against the key objectives and targets so as to ensure performance is appropriately rewarded. This also ensures outcomes are a fair reflection of the underlying performance of the Group.

As a global service business, our success is critically dependent on the performance and retention of our key people around the world. Employment costs represent the major element of Group operating costs. As a global Group, our pay arrangements take into account both local and international markets and we operate a global Remuneration Policy framework to achieve our reward strategy. Our benchmark peer groups for the majority of our employees consist of international industrial or business service organisations and similar-sized businesses. For our more senior executives we base our remuneration comparisons on a blend of factors, including sector, job complexity, location, responsibilities and performance, whilst recognising the Company is listed in the UK.

We believe that a significant proportion of remuneration for senior executives should be related to performance, with part of that remuneration being deferred in the form of shares and subject to continued employment and longer-term performance. We also believe that share-based remuneration should form a significant element of senior executives' compensation, so that there is a strong link to the sustained future success of the Group.

Remuneration Committee report

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Remuneration Policy for Directors

The following table sets out the key aspects of the Remuneration Policy for Directors.

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	To attract and retain high performing Executive Directors to lead the Group.	<p>The Committee normally reviews salaries annually, taking account of factors including, but not limited to, the scale of responsibilities, the individual's experience and performance.</p> <p>Whilst the Committee takes benchmarking information into account, its decisions are based primarily on the performance of the individual concerned against the above factors to ensure that there is no unjustified upward ratchet in base salary.</p>	<p>There is no prescribed maximum salary or annual increase.</p> <p>In awarding any salary increases, the Committee is guided by the general increase for the employee population but on occasions may need to recognise other factors including, but not limited to, development in role, change in responsibility and/or variance to market levels of remuneration.</p>	Individual performance is taken into account when salary levels are reviewed.
Benefits	To provide competitive benefits to ensure the wellbeing of employees.	<p>Benefits include, but are not limited to, annual medicals, life assurance cover of up to six times base salary, allowances in lieu of a company car or other benefits, private medical insurance (for the individual and their dependants) and other benefits typically provided to senior executives.</p> <p>Executive Directors can participate in any all-employee share plans operated by the Company on the same basis as all other employees.</p>	<p>The total value of these benefits (excluding the all-employee plans) will not normally exceed 12% of salary.</p> <p>The maximum opportunity under any all-employee share plan is in line with all other employees and is as determined by the prevailing HMRC rules.</p>	n/a
Pension	To provide competitive retirement benefits.	Executive Directors can elect to join the Company's defined contribution pension scheme, receive pension contributions into their personal pension plan or receive a cash sum in lieu of pension contributions.	<p>For new Executive Directors pension provisions will be in line with those of the wider UK workforce (currently 5% of salary).</p> <p>For current Executive Directors – reducing from 30% of salary by 5% each year for five years until it is in line with the wider UK workforce (currently 5% of salary). In line with that commitment it will reduce to 20% this year.</p>	n/a

Remuneration Committee report

Continued

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Incentive Plan ('AIP')	To drive the short-term strategy and recognise annual performance against targets which are based on business objectives.	<p>Awards are based on Group annual performance targets, with performance targets normally set annually by the Board.</p> <p>Incentive outturns are normally assessed by the Committee at the year end, taking into account performance against the targets and the underlying performance of the business.</p> <p>The payout at below threshold performance is 0% of maximum, with 25% of the maximum bonus normally payable for threshold performance. Payouts between threshold and maximum (100%) are determined on an annual basis. Details of the payout schedule will be disclosed in the relevant Directors' Remuneration report.</p> <p>Normally, 50% of any incentive is paid in cash and 50% deferred into shares which will vest after a period of three years subject to continued employment.</p> <p>Malus and clawback provisions apply.</p>	<p>The maximum opportunity in respect of a financial year is 200% of salary for each Executive Director.</p> <p>The Committee has the ability to adjust the performance measures if not appropriate in the context of overall performance.</p> <p>The Committee can adjust upwards the incentive outturn (up to the maximum set out above) to recognise very exceptional circumstances or to recognise circumstances that have occurred which were beyond the direct responsibility of the executive and the executive has managed and mitigated the impact of any loss.</p>	<p>The annual incentive will be measured against a range of key Group financial measures.</p> <p>The current intention is that none of the incentive will be subject to non-financial measures or personal performance measures.</p> <p>The Committee, however, retains the discretion to introduce such measures in the future, up to a maximum of 20% of the incentive.</p> <p>Were the Committee to introduce such measures, it would normally consult with the Company's largest institutional shareholders.</p> <p>For 2022, the annual incentive will be based on 70% matrix of revenue and adjusted operating profit growth, 15% ROIC and 15% ESG. The stretch targets, when met, reward exceptional achievement and contribution. There is no incentive payout if threshold targets are not met.</p>
Long Term Incentive Plan ('LTIP')	<p>To retain and reward Executive Directors for the delivery of long-term performance.</p> <p>To support the continuity of the leadership of the business.</p> <p>To provide long-term alignment of executives' interests with shareholders by linking rewards to Intertek's performance.</p>	<p>Annual grant of conditional shares which vest after three years, subject to Company performance and continued employment.</p> <p>Awards may be made in other forms (e.g. nil-cost options) if considered appropriate.</p> <p>The shares will also normally be subject to a two-year holding period after vesting.</p> <p>Performance targets are normally set annually for each three-year performance cycle by the Board.</p> <p>Vesting is normally assessed by the Committee after the end of the performance period, taking into account performance against the targets and the underlying performance of the business. The Committee has the ability to adjust incentive payments if it believes that out-turns are not appropriate in the context of overall performance.</p> <p>Malus and clawback provisions apply.</p>	<p>Up to 300% of salary in respect of any financial year.</p>	<p>LTIP awards are subject to an appropriate balance of earnings, cash and capital efficiency based performance measures.</p> <p>The Committee retains the discretion to introduce another performance metric, with a maximum weighting of up to one-third of the incentive. Were the Committee to introduce such measures, it would normally consult with the Company's largest institutional shareholders.</p> <p>For 2022, the LTIP award will be based on earnings per share, return on invested capital and adjusted free cash flow. Each measure will have an equal weighting.</p> <p>25% of an award will vest for achieving threshold performance, increasing pro rata to full vesting for the achievement of stretch performance targets.</p>

Remuneration Committee report

Continued

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Share ownership guidelines	To increase alignment between executives and shareholders.	<p>Executive Directors are expected to retain any vested shares (net of tax) under the Group's share plans until the guideline is met.</p> <p>The guideline should normally be met within five years of the guideline being set.</p> <p>Further details of the share ownership guidelines and the post-cessation shareholding guidelines are set out in the Directors' Remuneration report.</p>	<p>500% of salary for the CEO.</p> <p>300% of salary for the CFO.</p>	n/a
Post-cessation of employment shareholding	To ensure alignment of sustainable performance between executives and shareholders.	Holding and vesting periods for all share awards will be adhered to post-employment.	Executive Directors required to hold shares as per share ownership guidelines for two years post-employment.	n/a
Non-Executive Directors' fees	To attract and retain high-calibre Non-Executive Directors through the provision of market-competitive fees.	<p>A proportion of the fees (at least 50%) are paid in cash, with the remainder used to purchase shares.</p> <p>Fees are primarily determined based on the responsibility and time committed to the Group's affairs and appropriate market comparisons.</p> <p>The Chairman receives an all-inclusive fee. Non-Executive Directors receive a base fee and further fees for additional Board responsibilities. Additional fees may be paid in the exceptional event that Non-Executive Directors are required to commit substantial additional time above that normally expected for the role.</p> <p>With the exception of benefits-in-kind arising from the performance of duties (and any tax due on those benefits which is reimbursed by the Company), no other benefits are provided.</p>	As for the Executive Directors, there is no prescribed maximum annual increase. The Committee is guided by the general increase for the employee population but on occasions may need to recognise other factors including, but not limited to, change in responsibility and/or variance to market levels of remuneration.	n/a

Remuneration Committee report

Continued

Selection of performance metrics

The annual incentive plan is based on performance against a mix of financial and non-financial measures. The mix of financial measures is aligned to the Group's Key Performance Indicators ('KPIs') and is reviewed each year by the Remuneration Committee to ensure that they remain appropriate to reflect the priorities for the business in the year ahead. The targets are set for each KPI to encourage continuous improvement and challenge the delivery of stretch performance.

The 2022 LTIP award is based on earnings per share growth, return on invested capital and adjusted free cash flow. The performance metrics align with Intertek's earnings model, which supports delivery of the Company's differentiated strategy, which aims to move the centre of gravity of the Company towards high-growth, high-margin areas in our industry. Earnings per share ensures that there is a clear focus on margin-accretive revenue growth; adjusted free cash flow ensures focus on strong cash management; and return on invested capital ensures a focus on disciplined capital management.

A sliding scale of challenging performance targets is set for each measure. The Committee reviews the choice of performance measures and the appropriateness of the performance targets prior to each LTIP grant. The Committee reserves the discretion to set different targets for future awards, without consulting with shareholders. When setting the targets for the annual incentive and the LTIP, the Committee takes into account a range of factors, including the business plan, prior-year performance, market conditions and consensus forecasts.

Terms of incentive awards

Deferred awards and LTIP awards may include the right to receive (in cash or shares) the value of the dividends that would have been paid on the shares that vest up to the time of vesting (or for LTIP awards, up to the end of the relevant holding period). The Committee's intention is that such dividends would normally be settled in shares.

The Committee will operate the annual incentive plan and LTIP according to the respective rules of the plans. The Committee will retain flexibility in a number of areas regarding the operation and administration of these plans, including (but not limited to) the following:

- how to deal with a change of control or restructuring of the Group, or a demerger or similar event (including how to assess performance conditions and whether to time pro-rate awards); and
- how and whether any award may be adjusted in certain circumstances (including in the event of a variation of share capital, demerger, special dividend, or similar event).

The Committee also retains the discretion within the Remuneration Policy to adjust targets and/or set different measures and weightings if it considers it is required so that the targets or conditions achieve their original purpose. Revised targets/measures will be, in the opinion of the Committee, no less difficult to satisfy than the original conditions. The Committee may accelerate the vesting and/or the release of awards if an Executive Director moves jurisdictions following grant and there would be greater tax or regulatory burdens on the award in the new jurisdiction.

Remuneration scenarios for Executive Directors

The chart on the next page illustrates how the Executive Directors' remuneration packages vary at different levels of performance under the Policy which will apply in 2022 for both the Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO').

Approach to recruitment and promotions

The remuneration package for a new Executive Director – base salary, benefits, pension, annual incentive and long-term incentive awards – would be set in accordance with the terms of the Company's prevailing approved Remuneration Policy at the time of appointment. The Committee may set the base salary at a value to reflect the calibre, experience and earnings potential of a candidate, subject to the Committee's judgement that the level of remuneration is in the Company's best interest. The maximum level of variable pay (annual incentive and long-term incentive awards, or any combination thereof) which may be awarded to a new Executive Director at or shortly following recruitment shall be limited to 500% of salary. These limits exclude buy-out awards and are in line with the 'Remuneration Policy for Directors' set out previously.

The Committee may offer additional cash and/or share-based elements to take account of remuneration relinquished when leaving the former employer when it considers these buy-outs to be in the best interests of the Company (and therefore shareholders) ('buy-outs').

Any such awards would reflect the nature, time horizons and performance requirements attaching to the remuneration it is intended to replace. Where appropriate, the Committee retains the flexibility to utilise Listing Rule 9.4.2 for the purpose of making an award to 'buy-out' remuneration relinquished when leaving the former employer. For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses and continuing allowances as appropriate. Additionally, in the case of any Executive Director being recruited from overseas, or being recruited by the Company to relocate overseas to perform their duties, the Committee may offer expatriate benefits on an ongoing basis subject to their aggregate value to the individual not exceeding 50% of salary per annum.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. If a new Chairman or Non-Executive Director is appointed, remuneration arrangements will be in line with those detailed in the Remuneration Policy for Non-Executive Directors set out in the Remuneration Policy for Directors.

Service contracts for Executive Directors

The service agreements of the Executive Directors are not fixed term and are terminable by either the Company or the Director on 12 months' notice and make provision, at the Board's discretion, for early termination by way of payment of salary and pension contributions in lieu of 12 months' notice. In calculating the amount payable to a Director on termination of employment, the Board would take into account the commercial interests of the Company and apply usual common law and contractual principles. Any payments in lieu of notice may be paid in a lump sum or may be paid in instalments and reduce if the Director finds alternative employment. The service contracts are available for inspection at the Company's registered office. The Committee reviews the contractual terms for new Executive Directors to ensure these reflect best practice.

In summary, the contractual provisions are:

Provision	Detailed terms
Notice Period	12 months
Common law and contractual principles	Common law and contractual principles apply
Remuneration entitlements	An incentive may be payable (pro rata where relevant) and outstanding Share Awards may vest (see below)
Change of control	No Executive Director's contract contains provisions or additional payments in respect of change of control. The treatment of annual incentive awards and outstanding Share Awards will be treated in line with the relevant plan rules

There is no automatic entitlement to an annual incentive award in the year of cessation of employment. The Committee may determine however, that for certain leavers an annual incentive award may be payable with respect to the period of the financial year served. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules.

Remuneration Committee report

Continued

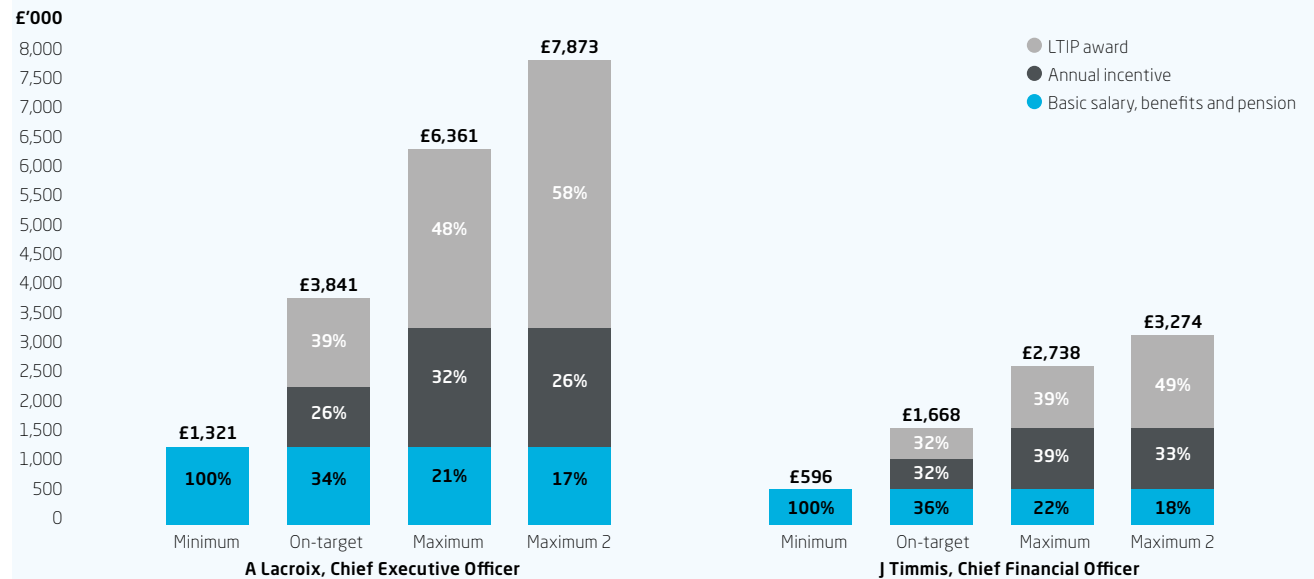
The default treatment under the 2011 LTIP, and under the 2021 LTIP, is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, injury, disability or other circumstances at the discretion of the Committee, 'good leaver' status may be applied.

For good leavers, Deferred Share Awards will vest in full on the original vesting date (as permitted under the plan rules), unless the Remuneration Committee determines that awards should vest at an earlier date. LTIP awards will normally vest on the original vesting date (they will normally, where appropriate, be subject to any holding period), and subject to the satisfaction of the relevant performance conditions at that time and reduced pro rata to reflect the proportion of the performance period actually served. However, the Committee has discretion to determine that awards vest at an earlier date and/or to disapply time pro-rating, although it is envisaged that this would only be applied in exceptional circumstances (for example, death). Any such incidents, where discretion is applied by the Committee in relation to Executive Directors, will be disclosed in the following Annual Report & Accounts on Remuneration.

In determining whether an Executive Director should be treated as a good leaver or not, the Committee will take into account the reasons for their departure.

The Committee reserves the right to make any other payments (including appropriate legal fees) in connection with an Executive Director's cessation of office or employment where the payments are made in good faith on discharge of an existing legal obligation (or by way of damages for breach of their obligation) or by way of settlement of any claim arising in contravention with the cessation of an Executive Director's office or employment.

Value of remuneration packages at different levels of performance



Points relating to the above table:

1. Salary levels are based on those applying on 1 April 2022.
2. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ended 31 December 2021.
3. The value of pension receivable by the CEO and CFO in 2022 is taken to be 20% of salary and 5% of salary, respectively.
4. The on-target level of annual incentive is taken to be 50% of the maximum opportunity.
5. The on-target level of the LTIP is taken to be 50% of the face value of the award at grant.
6. Share price movement and dividend accrual have not been incorporated into the first three scenarios. Share price growth of 50% has been assumed on the LTIP in the Maximum 2 scenario.

Remuneration Committee report

Continued

Letters of appointment for Non-Executive Directors

The letter of appointment for each Non-Executive Director states that they are appointed for an initial period of three years and all appointments are terminable by one month's notice on either side. At the end of the initial period and after rigorous review, the appointment may be renewed for a further period, usually three years, if the Company and the Director agree and subject to annual re-election at the AGM. Each letter of appointment states that if the Company were to terminate the appointment, the Director would not be entitled to any compensation for loss of office.

The table below sets out the terms for all the current Non-Executive Directors of the Board.

	Date of Appointment	Notice Period/Unexpired Term as at 31 December 2021
Andrew Martin	Appointed Chair: 1 January 2021 Appointed to the Board: 26 May 2016 Reappointed: 26 May 2019	One month/5 months
Graham Allan	1 October 2017 Reappointed: 1 October 2020	One month/21 months
Gurnek Bains	Reappointed: 1 July 2020	One month/18 months
Lynda Clarizio	1 March 2021	One month/26 months
Tamara Ingram	18 December 2020	One month/23 months
Gill Rider	1 July 2015 Reappointed: 1 July 2021	One month/30 months
Jean-Michel Valette	1 July 2017 Reappointed: 1 July 2020	One month/18 months

Consideration of employment conditions elsewhere within the Group

When setting the Remuneration Policy for Executive Directors, the Remuneration Committee takes into account the pay and employment conditions elsewhere within the Group. When considering the remuneration arrangements for the Executive Directors for the year ahead, the Committee is informed of salary increases across the wider Group. The Committee also approves the overall reward strategy in operation across the Group.

The remuneration strategy set out at the beginning of the Directors' Remuneration Policy report reflects the strategy in place across all employees across the Group. Although this remuneration strategy applies across the Group, given the size of the Group and the geographical spread of its operations, the way in which the Remuneration Policy is implemented varies across the Group. For example, annual incentive deferral applies at the more senior levels within the Group and participation in the LTIP is at the Remuneration Committee's discretion and is typically limited to senior executives employed within the Group.

Given the geographical spread of the Group's operations, the Remuneration Committee does not consider it appropriate to consult employees on the Remuneration Policy in operation for Executive Directors.

Consideration of shareholder views

The Committee values the opportunity to engage in meaningful dialogue with its investors. After the 2021 AGM, the Committee consulted with investors following the vote on the Remuneration Policy and further details on the engagement is outlined in the Chair of the Remuneration Committee's letter on pages 136 and 137.

Legacy arrangements

The approved Directors' Remuneration Policy provides authority to the Company to honour any commitments entered into with current or former Directors such as the vesting of outstanding share awards (including exercising any discretions available to it in connection with such commitments) that were agreed:

- i. before the policy set out above, or any previous policy, came into effect;
- ii. at a time when a previous policy approved by shareholders was in place provided that the payment is in line with the terms of that policy; and
- iii. at a time when the relevant individual was not a Director of the Company and the payment was not in consideration for the individual becoming a Director of the Company.

Remuneration Committee report

Continued

ANNUAL REPORT ON REMUNERATION

Committee membership and meeting attendance

Committee members	Scheduled meetings eligible to attend	Meetings attended
Gill Rider (Chair)	4	4
Graham Allan	4	4
Gurnek Bains	4	4
Tamara Ingram (appointed 1 July 2021)	2	2

100%
attendance

The above members were members throughout 2021, apart from Tamara Ingram who was appointed a member of the Committee on 1 July 2021. During 2021 and at all times when Directors' remuneration for the year was considered, the composition of the Committee was compliant with the Code. All members are independent Non-Executive Directors. Prior to joining Intertek in July 2015, Gill had been Chair of the Remuneration Committee at Charles Taylor plc since January 2012. This enabled the Nomination Committee to recommend her appointment as Chair of the Committee which was then approved by the Board.

On appointment, new Committee members receive an appropriate induction consisting of meetings with senior personnel, advisers and as appropriate, meetings with shareholders and other relevant stakeholders. They also review the Terms of Reference, previous Committee meeting papers and minutes. The Committee invites the Chairman, CEO and the EVP, Human Resources to attend meetings when it deems appropriate, except when their own remuneration is discussed. No Director is involved in determining his or her own remuneration. None of the Committee members has had any personal financial interest, except as shareholders, in the decisions made by the Committee. The Group Company Secretary acts as Secretary to the Committee.

Committee responsibilities and how we met them in the year

We have specific responsibilities reserved to us by the Board and the full Terms of Reference of the Committee, which were updated in 2019 and are reviewed annually, can be found on our website at intertek.com.

Matters delegated to the Committee	Code provision
Determine the Company's policy on remuneration for the Executive Directors and senior executive management.	33, 36-40
Determines the remuneration for the above and the Chair, including any compensation on termination of office.	33
Reviews the remuneration arrangements for the wider employee population and considers issues relating to remuneration that may have a significant impact on the Group.	33
Provides advice to, and consults with, the CEO on major policy issues affecting the remuneration of other executives.	33
Responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.	35
Keeps the Remuneration Policy under review in light of regulatory and best practice developments and shareholder expectations and ensure that the policy is voted on at least every third year. Due regard is given to the interests of shareholders and the requirements of the Listing Rules and associated guidance.	36-40
Ensures each year that the Annual Director's Report on Remuneration is put to shareholders for approval at the AGM and includes a description of the work of the Committee.	41

Executive Director remuneration

We are responsible for determining the Company's policy on the remuneration of the Chairman, the Executive Directors and senior executive management. We also determine their remuneration packages, including any compensation on termination of office and review to ensure their alignment with our culture and with those of the workforce as a whole.

In the year we addressed this by reviewing and agreeing the remuneration of the Executive Directors as well as the Leadership Team. We received advice from Deloitte LLP ('Deloitte') to inform our discussions.

Wider workforce remuneration and engagement

We also review the remuneration and related policies of the wider workforce to ensure that incentives and rewards align to our purpose, values and culture. As part of this we receive information on salary increases, the design of the bonus and targets and on the 2021 Long Term Incentive Plan and performance criteria. This is used to inform decisions when setting the policy for Executive Director remuneration and for when we consult with, or provide advice to, the CEO on major policy issues affecting the remuneration of other executives. The remuneration framework and the incentive structure that we have in place cascades right down through the wider workforce and ensures alignment with executive remuneration and the 5x5 strategy. We also took into account the UK wider workforce salary increase when determining the 2022 salary increase for the Executive Directors. We ensure that we have effective engagement with the wider workforce on the Group's remuneration and related policies through various escalation processes and communication forums including town halls, WhatsIn, emails and leadership briefings. The regular town halls that take place across the Group we find provide an opportunity for our people to raise questions on remuneration which are addressed at the meetings, with feedback directly fed to senior management and then upwards.

During the year, we reviewed the salary levels for senior management and the determination of the annual incentive payments and long-term incentive outcome for 2021. We considered a report on the general market trends that could impact the Group.

Remuneration Committee report

Continued

Remuneration Policy and report

It is important that we keep the Remuneration Policy under review in light of regulatory and best practice developments, Listing Rules and Governance Code changes as well as shareholder expectations.

At the Company's Annual General Meeting ('AGM') on 26 May 2021, the Remuneration Policy was passed with a vote of 68.74%. Following the 2021 AGM, engagement took place with shareholders and an update was published within six months of the AGM on our website in accordance with the 2018 UK Corporate Governance Code. Information on the results of that engagement are outlined in the Chair's letter on pages 136 to 137. The Remuneration Committee would like to thank shareholders that took part in the engagement process and values the feedback and insights it has gained.

In addition, we undertook a review of the Directors' Remuneration report to ensure compliance with Remuneration Reporting Regulations. We discussed the 2021 proxy voting agencies reports and their recommendations issued prior to the 2021 AGM.

Incentives

A key task for us each year is to review the outcomes for the incentive schemes and agree on payment levels taking into account actual performance and any extraordinary events which may have impacted on performance. We will consider if there is a need to apply malus or clawback and, should there be, we would agree the quantum.

We undertook, with external advice, a thorough review of the 2021 annual incentive targets, performance measures and the TSR and EPS results to determine the percentage of incentive awards that would vest in 2021.

We also agreed the performance conditions that should apply to the LTIP awards granted in the year to vest based on the performance to the end of 2023. We reviewed the quantum of awards given and were satisfied that they reflected the Remuneration Policy and were appropriate.

Committee review

We undertake an annual review of how effectively we are working as a Committee and take steps to develop any areas identified for improvement.

We also reviewed how we work as a Committee, members' individual strengths and also any additional training that may be beneficial. We received updates on market trends in remuneration from Deloitte and regular updates on corporate governance and policy changes.

Advisers

To ensure that the Group's remuneration practices drive and support achievement of strategies and are market competitive, the Committee obtains advice from various independent sources.

We review the appointment of the remuneration consultant and consider if they remain independent and applicable for the needs of the Committee. In the event that we decide that they are no longer appropriate, we would arrange a review and any subsequent appointment.

In 2021, the Committee received advice from Deloitte, who they appointed in 2015 for their particular expertise both at a local and global level, due to the worldwide operations of the Group and, following review, the Committee remains satisfied that their advice is objective and independent and has sufficient breadth of knowledge to support our deliberations across the diverse Group as a whole. Deloitte are members of the Remuneration Consultants Group and adhere to the voluntary Code of Conduct in relation to executive remuneration consulting in the UK.

The fees paid to Deloitte in the year were £61,573 exclusive of VAT. The charges for services are calculated on the basis of time spent and the seniority of the personnel performing the work at their respective rates.

In addition to the services provided to the Committee, Deloitte provided unrelated tax services to the Group during the year. Deloitte do not have any connection with any Directors of the Company.

External appointments

The Company recognises that, during their employment with the Company, Executive Directors may be invited to become Non-Executive Directors of other companies and that such duties can broaden their experience and knowledge. Executive Directors may, with the written consent of the Company, accept such appointments outside the Company, and the policy is that any fees may be retained by the Director. No Executive Director currently has an external appointment.

Statement of shareholder voting

At the 2021 AGM, a resolution was proposed to shareholders to approve the Remuneration Policy. This resolution received the following votes from shareholders:

	Votes	%
In favour	91,627,222	68.74
Against	41,668,760	31.26 ¹
Total	133,295,982	82.59 ²
Withheld	2,431,490	

1. A summary of the reasons for the votes against and the actions taken in response are outlined in the Chair's letter.
2. Percentage of total issued share capital voted.

At the 2021 AGM, a resolution was proposed to shareholders to approve the Directors' Remuneration report for the year ended 31 December 2020. This resolution received the following votes from shareholders:

	Votes	%
In favour	131,735,955	97.55
Against	3,306,803	2.45
Total	135,042,758	83.67 ¹
Withheld	684,715	

1. Percentage of total issued share capital voted.

Remuneration Committee report

Continued

Directors' Remuneration Policy - implementation in 2022

Elements	Implementation in 2022															
Base salary	<p>Base salary for 2022:</p> <ul style="list-style-type: none"> - André Lacroix: £1,007,915 - Jonathan Timmis: £535,500 (appointed as CFO with effect from 1 April 2021). <p>The UK work force has been granted an average yearly salary increase of 2%.</p>															
Benefits	<p>Includes, for example, annual medicals, life assurance cover of up to six times base salary, allowances in lieu of a company car or other benefits, private medical insurance and other benefits typically provided to senior executives. Executive Directors can participate in any all-employee share plans operated by the Company on the same basis as all other employees.</p> <p>Total value of benefits (excluding all-employee plans) will not exceed 12% of salary.</p>															
Pension	From 1 June 2022, 20% reducing by 5% each year until it is in line with the wider UK workforce (currently 5% of salary) for the CEO. 5% of base salary for the CFO.															
Annual Incentive Plan ('AIP')	<ul style="list-style-type: none"> - Maximum opportunity for the CEO and CFO: 200% of base salary. - 50% of any incentive is paid in cash and 50% is deferred into shares vesting after three years. - Malus and clawback provisions apply. - Performance metrics – 70% will be based on a matrix based on revenue and adjusted operating profit growth, 15% will be based on ROIC and 15% will be based on ESG, which for 2022 will comprise a Carbons Emissions target. Targets are not disclosed prospectively due to commercial sensitivity, however, detailed disclosure of the performance targets and actual outturns will be provided in the following year. - Annual incentive will continue to be subject to a quality of earnings review at the end of the year to ensure that payouts are appropriate based on the underlying performance of the Group and to ensure that any awards are commensurate with the Group's culture and values. 															
Long Term Incentive Plan ('LTIP')	<ul style="list-style-type: none"> - Maximum opportunity for the CEO and CFO: 300% and 200% of base salary, respectively. - Two-year holding period after vesting. - Malus and clawback provisions apply. <p>- Performance metrics for awards being granted in 2022:</p> <table border="1"> <thead> <tr> <th>Measures</th> <th>Definition</th> <th>Threshold (25%)</th> <th>Maximum (100%)</th> <th>Commentary</th> </tr> </thead> <tbody> <tr> <td>Earnings Per Share ('EPS') (1/3)</td> <td> <p>Annualised fully diluted, adjusted EPS growth.</p> <p>Measured on a constant currency basis.</p> <p>Per the definition used for the Group's KPIs on page 26.</p> </td> <td>4%p.a.</td> <td>10% p.a.</td> <td>Compound annual growth rate targets.</td> </tr> <tr> <td>Adjusted Free Cash Flow (1/3)</td> <td> <p>Free cash flow generated from operations less net capital expenditure, net interest paid and income tax paid. Adjusted for separately disclosed items.</p> <p>Measured on a constant currency basis.</p> <p>Per the definition used on page 26.</p> </td> <td>£899m</td> <td>£979m</td> <td> <p>Cumulative targets measured over three years.</p> <p>Targets set taking into account stretch within business plan and expected capital expenditure over the coming three years.</p> </td> </tr> </tbody> </table>	Measures	Definition	Threshold (25%)	Maximum (100%)	Commentary	Earnings Per Share ('EPS') (1/3)	<p>Annualised fully diluted, adjusted EPS growth.</p> <p>Measured on a constant currency basis.</p> <p>Per the definition used for the Group's KPIs on page 26.</p>	4%p.a.	10% p.a.	Compound annual growth rate targets.	Adjusted Free Cash Flow (1/3)	<p>Free cash flow generated from operations less net capital expenditure, net interest paid and income tax paid. Adjusted for separately disclosed items.</p> <p>Measured on a constant currency basis.</p> <p>Per the definition used on page 26.</p>	£899m	£979m	<p>Cumulative targets measured over three years.</p> <p>Targets set taking into account stretch within business plan and expected capital expenditure over the coming three years.</p>
Measures	Definition	Threshold (25%)	Maximum (100%)	Commentary												
Earnings Per Share ('EPS') (1/3)	<p>Annualised fully diluted, adjusted EPS growth.</p> <p>Measured on a constant currency basis.</p> <p>Per the definition used for the Group's KPIs on page 26.</p>	4%p.a.	10% p.a.	Compound annual growth rate targets.												
Adjusted Free Cash Flow (1/3)	<p>Free cash flow generated from operations less net capital expenditure, net interest paid and income tax paid. Adjusted for separately disclosed items.</p> <p>Measured on a constant currency basis.</p> <p>Per the definition used on page 26.</p>	£899m	£979m	<p>Cumulative targets measured over three years.</p> <p>Targets set taking into account stretch within business plan and expected capital expenditure over the coming three years.</p>												

Remuneration Committee report

Continued

Elements	Implementation in 2022				
	Measures	Definition	Threshold (25%)	Maximum (100%)	Commentary
	Return on Invested Capital ('ROIC') (1/3)	Adjusted operating profits less adjusted tax divided by invested capital (net assets excluding tax balances, net financial debt and net pension liabilities). Measured on a constant currency basis. Per the definition used for the Group's KPIs on page 26.	16.5%	20.5%	Cumulative adjusted operating profits divided by cumulative invested capital in each of the three performance years. Target set taking into account stretch within business plan, current ROIC performance, and reflective of the Group's strategy of making small bolt-on acquisitions which complement the Group's business. The treatment of significant acquisitions would be determined at the time of the transaction.
Share ownership guidelines	Shareholding guidelines are 500% of salary for the CEO and 300% of salary for the CFO. A post-cessation holding equivalent to the lower of the guideline target or the number of shares held at the date of departure will be required to be held for a period of two years from the Executive's departure date.				

Non-Executive Directors' fees

Fees for the Non-Executive Directors are determined by the Board, based on the responsibility and time committed to the Group's affairs and appropriate market comparisons. Individual Non-Executive Directors do not take part in discussions regarding their own fees.

	From 1 January 2022 £'000	From 1 January 2021 £'000
Board membership		
Chairman	350	350
Non-Executive Director	62	62
Senior Independent Non-Executive Director	12	12
Committee membership		
Chair Audit Committee	20	20
Chair Remuneration Committee	15	15
Chair Nomination Committee	-	-
Member Audit Committee	10	10
Member Remuneration Committee	10	10
Member Nomination Committee	5	5

Pursuant to the policy of aligning Directors' interests with those of shareholders, £10,000 of the fees paid to the Non-Executive Directors and £35,000 of the fees paid to the Chairman are used each year to purchase shares in the Company.

Remuneration Committee report

Continued

Remuneration in context

The following section sets out how the Remuneration Committee has addressed the factors in Provision 40, when determining Executive remuneration as set out in the 2018 UK Corporate Governance Code.

Code requirement	Intertek approach
<p>Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce</p>	<p>Variable remuneration arrangements, which are cascaded throughout the workforce, are based on clearly defined financial performance metrics which are aligned with the Group's 5x5 differentiated strategy for sustainable long-term growth.</p>
<p>Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand</p>	<p>Remuneration arrangements are simple, comprising the following key elements:</p> <ul style="list-style-type: none"> - Fixed element: comprises base salary, benefits and pension, which are aligned to that offered to the majority of the workforce. - Short-term incentive: annual bonus which incentivises the delivery of financial and non-financial performance metrics linked to ESG. Half of the bonus is paid in cash with the balance deferred into shares vesting after a period of three years. - Long-term incentive: LTIP which incentivises financial performance over a three-year period, promoting long-term sustainable value creation for shareholders. Awards are subject to a two-year holding period post-vesting.
<p>Risk Remuneration structures should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target based incentive plans, are identified and mitigated</p>	<p>Performance targets are calibrated to be aligned with the Group's business plan which is set in line with the Group's risk framework.</p> <p>The Remuneration Committee retains the flexibility to review formulaic outcomes to ensure that they are appropriate in the context of overall performance of the Group, including risk.</p>
<p>Predictability The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy</p>	<p>The remuneration scenario charts, set out on page 143, provide estimates on the potential future reward opportunity in a range of scenarios, including below threshold, target and maximum performance (including share price appreciation).</p>
<p>Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear and outcomes should not reward poor performance</p>	<p>Variable remuneration is directly aligned to the Group's strategic priorities (through the selection of key financial performance metrics), with payments calibrated to ensure that payments are only made where strong performance is delivered.</p> <p>As noted above, the Remuneration Committee retains the flexibility to review formulaic outcomes to ensure that they are appropriate in the context of the overall performance of the Group.</p>
<p>Alignment with culture Incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy</p>	<p>As set out on page 138, the Remuneration Policy at Intertek has been set to be appropriate for the nature, size and complexity of the Group, encourages our employees in the development of their careers and is aligned to the Company's strategy and is in the best interests of the Company and its stakeholders.</p> <p>It is directed to deliver continued sustainable profitable growth.</p> <p>Our remuneration strategy is to:</p> <ul style="list-style-type: none"> - align and recognise the individual's contribution to help us succeed in achieving our 5x5 differentiated strategy for sustainable growth; - attract, engage, motivate and retain the best available people by positioning total pay and benefits to be competitive in the relevant market and in line with the ability of the business to pay; - reward people equitably for the size of their responsibilities and performance; and - motivate high performers to increase shareholder value and share in the Group's success through well designed and appropriately calibrated incentive schemes.

Remuneration Committee report

Continued

The following sections on pages 150 to 160 have been audited.

Directors' remuneration earned in 2021 (audited)

The table below and on the following page summarises Directors' remuneration received for 2021 and the prior year for comparison. Taken in the context of internal and external comparators, the Committee considered the Executives' remuneration to be appropriate.

Executive Directors		Base salary or fees £'000	Benefits ² £'000	BIK arising from performance of duties £'000	Annual incentive ³ £'000	Long-term incentives £'000	Pension ⁶ £'000	Buyout awards £'000	Total including buyout awards £'000	Total fixed £'000	Total variable £'000
André Lacroix	2021	988	109	3	1,680	0⁴	268	-	3,048	1,368	1,680
	2020	974 ¹	94	3	0	1,107 ⁵	292	-	2,470	1,363	1,107
Ross McCluskey	2021⁷	121	18	0	206	0⁴	6	-	351	145	206
	2020	477 ¹	28	1	0	44 ⁵	24	-	574	530	44
Jonathan Timmis	2021⁸	398	24	1	676	-	13	2,187⁹	3,299	436	2,863

- The Directors agreed to a 50% salary deferral for six months from 1 April 2020 and there was a six-month delay in the implementation of the 2020 annual salary increase.
- Benefits include allowances in lieu of company car, annual medicals, life assurance and private medical insurance, and the use of a car and driver for the CEO (£20,370).
- This relates to the payment of the annual incentive and Deferred Share Award for the financial year end. Further details of this payment are set out on the following pages.
- This relates to the 2019 LTIP award due to vest March 2022. Further details on performance are set out on page 153. There was no discretion exercised in respect of the awards.
- This figure has been updated to show the actual value of the vested LTIP share awards based on the share price of £53.83, the share price at vesting in March 2021, as the 2020 Report included figures based on the share price for the final quarter of 2020 (£59.07).
- None of the Executive Directors had a prospective entitlement to a defined benefit pension.
- This relates to the period from 1 January 2021 to 1 April 2021, from which date Ross McCluskey ceased to be a Director.
- This relates to the period from 1 April 2021 when Jonathan Timmis was appointed as a Director.
- This relates to the buyout awards granted to Jonathan Timmis when he joined the Company on 1 April 2021. Further information on these awards is outlined on page 155.

Remuneration Committee report

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Non-Executive Directors		Base salary or fees ¹ £'000	Benefits ² £'000	BIK arising from performance of duties ³ £'000	Total £'000
Andrew Martin (appointed Chair 1 Jan 2021)	2021	350	-	-	350
	2020	92	-	-	92
Sir David Reid (retired 31 Dec 2020)	2021	n/a	n/a	n/a	n/a
	2020	320	25	3	348
Graham Allan	2021	89	-	-	89
	2020	89	-	-	89
Gurnek Bains	2021	77	-	-	77
	2020	77	-	-	77
Lynda Clarizio (appointed 1 March 2021)	2021⁴	58.5	-	1	59.5
	2020	n/a	n/a	n/a	n/a
Tamara Ingram	2021	67	-	-	67
	2020 ⁵	2	-	-	2
Dame Louise Makin (resigned 30 June 2021)	2021⁶	43.5	-	-	43.5
	2020	77	-	-	77
Gill Rider	2021	86	-	0.5	86.5
	2020	77	-	-	77
Jean-Michel Valette	2021	82	-	1.5	83.5
	2020	72	-	2	74
Lena Wilson (resigned 31 January 2021)	2021⁷	11.5	-	-	11.5
	2020	77	-	1	78

1. Pursuant to the policy of aligning Directors' interests with those of shareholders, £10,000 of the fees paid to the Non-Executive Directors and £35,000 of the fees paid to the Chairman were used to purchase shares in the Company.

2. With respect to the Non-Executive Directors no other benefits are provided (in 2020 Sir David Reid received a car allowance of £25,000).

3. Certain expenses relating to ensuring that the Directors were in a position in order to undertake the performance of their duties (not included in the Benefits column above) such as travel to and from Company meetings, related accommodation and completion of UK tax returns for overseas Directors have been classified as taxable. In such cases, the Company will ensure that the Director is not out of pocket by settling the related tax via the PSA. In line with current regulations, these taxable benefits have been disclosed and are shown in the BIK arising from performance of duties column. The figures shown are the cost of the taxable benefit.

4. The 2021 fees for Lynda Clarizio relate to the period from 1 March 2021, the date she was appointed to the Board.

5. The 2020 fees for Tamara Ingram relate to the period from 18 December 2020, the date she was appointed to the Board.

6. The 2021 figure for Dame Louise Makin relates to the period to 30 June 2021, the date she stepped down from the Board.

7. The 2021 figure for Lena Wilson relates to the period to 31 January 2021, the date she stepped down from the Board.

Remuneration Committee report

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Annual incentive (audited)

The annual incentive for 2021 was based solely on financial measures:

- 80% based on a matrix based on revenue and adjusted operating profit growth; and
- 20% based on return on invested capital ('ROIC').

Overview of the matrix (80% of the award)

		Adjusted operating profit performance (£m)			
		Below threshold	Threshold	Target	Maximum
Revenue performance (£m)	Maximum	0%	40%	65%	100%
	Target	0%	30%	50%	75%
	Threshold	0%	25%	35%	60%
	Below threshold	0%	0%	0%	0%

Straight-line payouts occur between each of the points above threshold noted above.

The Company's performance resulted in a Group annual incentive payout of 85% of maximum opportunity. Performance of individual components is shown below.

2021 Company performance against annual incentive targets (at 2020 constant currency)

Financial measures	% Weighting	2021 Threshold	2021 Target ²	2021 Maximum	2021 Actual	Achieved ³	Weighted achievement
Total external revenue ¹		£2,807.7m	£2,865.0m	£2,922.3m	£2,880.1m		
Adjusted operating profit ¹		£453.5m	£467.5m	£481.5m	£485.0m		
Revenue/profit matrix	80%					81.25%	65.00%
Return on invested capital ⁴	20%	22.20%	22.40%	22.60%	25.10%	100%	20.00%
Total	100%						85%

1. Total External revenue calculated using LfL Revenue on constant 2020 exchange rates and Adjusted operating profit excludes certain non budgeted-non recurring items and Separately Disclosed Items.

2. Target is equivalent to 50% payout.

3. Percentage achieved against maximum targets.

4. Organic Return on invested capital as per definition used for the Group's KPIs on page 25.

Remuneration Committee report

Continued

For 2021, the annual incentive outturn in cash and shares is as follows:

	Payable in cash £'000	Deferred Share Award ¹ £'000
André Lacroix	840	840
Ross McCluskey ²	103	103
Jonathan Timmis ³	338	338

1. These awards vest three years after the date of grant, subject to continued employment or good leaver status. The deferred award is based on 50% of the annual incentive outturn.
2. Values shown reflect the period 1 January 2021 to 1 April 2021.
3. Values shown reflect the period 1 April 2021 to 31 December 2021.

Vesting of LTIP Share Awards (audited)

The LTIP Share Awards granted in 2019 are subject to performance for the three-year period ended 31 December 2021.

The performance conditions attached to this award and actual performance against these conditions are as follows:

Metric	Performance condition	Threshold target ¹	Stretch target ¹	Actual performance	Vesting level
Earnings Per Share (50%)	Annualised fully diluted, adjusted EPS growth, calculated on the basis of foreign exchange rates adopted at the start of the performance targets	4%	10%	0.8%	0.00%
Total Shareholder Return (50%)	Relative TSR performance against the FTSE 31 to 130 (excluding banks and investment trusts)	Median	Upper quartile	Below median ²	0.00%
Total vesting					0%

1. 25% of the LTIP share awards will vest at the threshold target and 100% will pay out at the stretch target.
2. TSR performance calculation was calculated by Deloitte; Intertek was ranked 51st of the 88 members of the comparator group of companies.

Remuneration Committee report

Continued

The LTIP Share Awards granted in 2019 to the Executive Directors were as follows:

Executive Director	Number of shares at grant	Number of shares based on accrued dividends	Total number of shares	Number of shares to lapse	Number of shares to vest	Value of vested shares £'000
André Lacroix	50,117	2,909	53,026	(53,026)	0	0
Ross McCluskey	20,051	1,162	21,213	(21,213)	0	0
Jonathan Timmis ¹	n/a	n/a	n/a	n/a	n/a	n/a
Total	70,168	4,071	74,239	(74,239)	0	0

1. Appointed as a Director on 1 April 2021.

The Committee considered the LTIP outturns in the context of the underlying financial performance of the Group and determined it was appropriate not to exercise its discretion.

LTIP Share Awards granted during the year (audited)

The following LTIP Share Awards were granted to the Executive Directors during 2021:

Executive Director	Type of award	Date of award	Basis of award granted	Award price £	Number of shares over which award was granted	Face value of award £'000	% of face value that would vest at threshold performance	Vesting determined by performance over
André Lacroix	LTIP Share Award	12 March 2021	250% of salary	£53.36	46,296	2,470	25%	Three years to 31 December 2023
André Lacroix	LTIP Share Award	27 May 2021 ¹	50% of salary	£58.32	8,471	494	25%	
Ross McCluskey	LTIP Share Award	12 March 2021	200% of salary	£53.36	18,159	969	25%	
Jonathan Timmis	LTIP Share Award	1 April 2021	200% of salary	£56.11	18,713	1,050	25%	

1. Award to André Lacroix was granted following shareholder approval of the Remuneration Policy at the Annual General Meeting held on 26 May 2021 which increased the total basis of award to the CEO from 250% to 300%.

The LTIP Share Awards granted in 2021 are conditional share awards subject to performance for the three-year period ending 31 December 2023. Shares are granted at the average of the mid-market quotation price for the five days up to and including the day immediately before grant.

Remuneration Committee report

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The performance conditions attached to this award and the targets are as follows:

Metric	Performance condition	Threshold target	Maximum target
Earnings Per Share (33.3%)	Annualised fully diluted, adjusted EPS growth, calculated on a constant currency basis and per the EPS definition used for the Group KPIs in the 2020 Annual Report & Accounts.	4%	10%
Return on Invested Capital (33.3%)	Adjusted operating profits less adjusted tax, divided by cumulative invested capital (being net assets excluding tax balances, net financial debt and net pension liabilities) in each of the three years, measured on a constant currency basis.	20%	24%
Adjusted Free Cash Flow (33.3%)	Free cash flow generated from operations less net capital expenditure, net interest paid and income tax paid adjusted for separately disclosed items and is measured on a constant currency basis. Cumulative targets measured over three years.	£977m	£1,057m

Buyout awards

As disclosed in the 2020 Annual Report & Accounts, on 1 April 2021, as part of the remuneration terms relating to his appointment as an Executive Director, the Company agreed to compensate Jonathan Timmis for performance share awards, share option awards and one-off restricted share awards forfeited by him on leaving Reckitt Benckiser Group plc. In determining the appropriate buyout award, the Committee took into account the time horizons of awards forfeit, the nature of the awards and the performance conditions attached to those awards. Reflecting these factors, the Committee agreed to buyout the awards in the form of conditional share awards with vesting periods relative to the awards being forfeit and to vest at the prevailing market rate on the day of vesting. The Committee therefore awarded Jonathan Timmis an award of 39,000 ordinary shares of 1p to vest as per the table below:

Type Of Award	Granted in 2021 Number of shares	Award price	Face value of award £'000	Dividend accrued in 2021	Vested in 2021 Number of shares	Lapsed in 2021 Number of shares	31 December 2021 Number of shares	Date of vesting
Buyout award	13,000	£56.11	729	258	-	-	13,258	April 2022
Buyout award	13,000	£56.11	729	258	-	-	13,258	April 2023
Buyout award	13,000	£56.11	729	258	-	-	13,258	April 2024
Total	39,000	-	2,187	774	-	-	39,774	

Shares were awarded at a share price of £56.11, being the average closing mid-market price of an Ordinary Share of 1p on the trading days during the five trading days up to 31 March 2021 being the last trading day before the award. Each award will ordinarily vest on its normal vesting date subject to Jonathan Timmis' continued employment with Intertek. The awards may only be satisfied with market purchased shares or cash. No newly issued shares or treasury shares will be used in connection with the awards. The buyout award shares attract dividend equivalent shares.

Deferred Share Awards granted during the year (audited)

There were no Deferred Share Awards granted to the Executive Directors in 2021.

Remuneration Committee report

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Share Plan Awards (audited)

The table below shows the Directors' interests in the Intertek Share Plans, all of which are restricted stock units ('RSUs'):

	Type of Award	31 December 2020 Number of shares	Granted in 2021 Number of shares	Award price ¹ £	Dividend accrued in 2021 ²	Vested in 2021 Number of shares	Lapsed in 2021 Number of shares	31 December 2021 Number of shares	Date of vesting
André Lacroix									
2018	LTIP Share ^{3,4}	47,037	-	49.49	-	(19,520)	(27,517)	-	Mar 2021
	Dividend	2,522	-	-	-	(1,046)	(1,476)	-	
	Deferred Share ³	18,815	-	49.49	-	(18,815)	-	-	Mar 2021
	Dividend	1,007	-	-	-	(1,007)	-	-	
2019	LTIP Share ^{4,5}	50,117	-	47.378	-	-	-	50,117	Mar 2022
	Dividend	1,913	-	-	996	-	-	2,909	
	Deferred Share ⁵	15,135	-	47.378	-	-	-	15,135	Mar 2022
	Dividend	576	-	-	300	-	-	876	
2020	LTIP Share ^{6,7}	44,900	-	53.94	-	-	-	44,900	May 2023
	Dividend	250	-	-	893	-	-	1,143	
	Deferred Share ⁷	10,532	-	48.126	-	-	-	10,532	Mar 2023
	Dividend	199	-	-	209	-	-	408	
2021	LTIP Share ^{8,11}	-	46,296	53.36	-	-	-	46,296	Mar 2024
	Dividend	-	-	-	920	-	-	920	
	LTIP Share ^{9,11}	-	8,471	58.324	-	-	-	8,471	May 2024
	Dividend	-	-	-	168	-	-	168	
Total		193,003	54,767		3,486	(40,388)	(28,993)	181,875	

Remuneration Committee report

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	Type of Award	31 December 2020 Number of shares	Granted in 2021 Number of shares	Award price ¹ £	Dividend accrued in 2021 ²	Vested in 2021 Number of shares	Lapsed in 2021 Number of shares	31 December 2021 Number of shares	Date of vesting
Ross McCluskey (ceased to be a Director on 1 April 2021)									
2018	LTIP Share ^{3,4}	2,244	-	49.49	-	(931)	(1,313)	-	Mar 2021
	Dividend	117	-	-	-	(48)	(69)	-	
	Deferred Share ³	2,244	-	49.49	-	(2,244)	-	-	Mar 2021
	Dividend	117	-	-	-	(117)	-	-	
2019	LTIP Share ^{4,5}	20,051	-	47.378	-	-	-	20,051	Mar 2022
	Dividend	764	-	-	398	-	-	1,162	
	Deferred Share ⁵	3,890	-	47.378	-	-	-	3,890	Mar 2022
	Dividend	147	-	-	77	-	-	224	
2020	LTIP Share ^{6,7}	17,612	-	53.94	-	-	-	17,612	May 2023
	Dividend	98	-	-	349	-	-	447	
	Deferred Share ⁷	5,163	-	48.126	-	-	-	5,163	Mar 2023
	Dividend	97	-	-	102	-	-	199	
2021	LTIP Share ^{8,11}	-	18,159	53.36	-	-	-	18,159	Mar 2024
	Dividend	-	-	-	360	-	-	360	
	LTIP Share ^{9,11}	-	2,246	58.324	-	-	-	2,246	May 2024
	Dividend	-	-	-	44	-	-	44	
Total		52,544	20,405		1,330	(3,340)	(1,382)	69,557	

Remuneration Committee report

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	Type of Award	31 December 2020 Number of shares	Granted in 2021 Number of shares	Award price ¹ £	Dividend accrued in 2021 ²	Vested in 2021 Number of shares	Lapsed in 2021 Number of shares	31 December 2021 Number of shares	Date of vesting
Jonathan Timmis (appointed as a Director on 1 April 2021)									
2021	Buyout award ¹⁰	–	13,000	56.108		–	–	13,000	April 2022
	Dividend	–			258	–	–	258	
2021	Buyout award ¹⁰	–	13,000	56.108		–	–	13,000	April 2023
	Dividend	–			258	–	–	258	
2021	Buyout award ¹⁰	–	13,000	56.108		–	–	13,000	April 2024
	Dividend	–			258	–	–	258	
2021	LTIP Share ^{11,12}	–	18,713	56.108		–	–	18,713	April 2024
	Dividend	–	–	–	371	–	–	371	
Total		–	57,713		1,145	–	–	58,858	

1. Awards made are based on a share price obtained by averaging the closing share prices for the five dealing days before the date of grant.

2. The dividend shares are accrued on the date the dividend is paid and determined using the closing market price of the shares on that date. The dividend accruals relate to Share Awards made in lieu of not receiving cash dividends during the vesting period.

3. Awards vested on 21 March 2021, on which date the closing market price of shares was £53.83 having been granted on 21 March 2018 on which date the closing market price was £49.55. Awards were made at a share price of £49.49 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.

4. 50% of the LTIP Share Awards are subject to EPS and 50% are subject to relative TSR. The EPS threshold level was set at 4% per annum and the upper target at 10% per annum. Under the TSR condition, the Company's TSR ranking is measured relative to the FTSE index members 31 to 130 (excluding banks and investment trusts).

5. Awards will vest on 21 March 2022, subject to continued employment or good leaver status, having been granted on 21 March 2019, on which date the closing market price was £47.70. Awards were made on a share price of £47.378 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.

6. One-third of the LTIP Share Awards are subject to EPS, one-third on Return on Invested Capital and one-third on Adjusted Free Cash Flow. Awards will vest on 29 May 2023, subject to continued employment or good leaver status, having been granted on 29 May 2020, on which date the closing market price was £55.06. Awards were made at a share price of £53.94 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant. The LTIP shares will be subject to an additional two-year holding period post-vesting.

7. Awards will vest on 13 March 2023, subject to continued employment or good leaver status, having been granted on 13 March 2020 on which date the closing market price was £45.36. Awards were made at a share price of £48.126, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.

8. One-third of the LTIP Share Awards are subject to EPS, one-third on Return on Invested Capital and one-third on Adjusted Free Cash Flow. Awards will vest on 12 March 2024, subject to continued employment or good leaver status, having been granted on 12 March 2021, on which date the closing market price was £53.06. Awards were made at a share price of £53.36 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant. The LTIP shares will be subject to an additional two-year holding period post-vesting.

9. One-third of the LTIP Share Awards are subject to EPS, one-third on Return on Invested Capital and one-third on Adjusted Free Cash Flow. Awards will vest on 27 May 2024, subject to continued employment or good leaver status, having been granted on 27 May 2021 on which date the closing market price was £54.82. Awards were made at a share price of £58.324 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant. The LTIP shares will be subject to an additional two-year holding period post-vesting.

10. Awards will vest on 1 April 2022, 1 April 2023 and 1 April 2024, subject to continued employment or good leaver status, having been granted on 1 April 2021 on which date the closing market price was £57.20. Awards were made at a share price of £56.11, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.

11. One-third of the LTIP Share Awards are subject to EPS, one-third on Return on Invested Capital and one-third on Adjusted Free Cash Flow.

12. Awards will vest on 1 April 2024, subject to continued employment or good leaver status, having been granted on 1 April 2021 on which date the closing market price was £57.20. Awards were made at a share price of £56.11, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.

Remuneration Committee report

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Malus and clawback (audited)

Malus and clawback will operate, in respect of the 2011 Long Term Incentive Plan and the 2021 Long Term Incentive Plan, in various circumstances including where there is reasonable evidence of misbehaviour or material error, conduct considered gross misconduct, breach of any restrictive covenants by participants, conduct which resulted in (a) significant loss(es) to the Company, failure to meet appropriate standards of fitness and propriety; a material failure of management in the Company, a discovery of a material misstatement in the audited consolidated accounts or the behaviour of a Director has a significant detrimental impact on the reputation of the Group. Clawback can be applied at any time during the clawback period, which is six years from the date of the award unless extended by the Remuneration Committee prior to the expiry of the initial clawback period.

The Committee has the discretion to reduce annual incentive payments if it believes that short-term performance has been achieved at the expense of the Group's long-term future or vice versa. The Committee also retains the discretion to reduce or reclaim payments if the performance achievements are subsequently found to have been significantly misstated.

Directors' interests in ordinary shares (audited)

The interests of the Directors in the shares of the Company as at the year end, or date of ceasing to be a Director, are set out below. Save as stated in this report, during the course of the year, no Director or any member of his or her immediate family have any other interest in the ordinary share capital of the Company or any of its subsidiaries. None of the Non-Executive Directors have share options or share awards.

	Beneficially owned at 31 December 2020	Beneficially owned at 31 December 2021 or on ceasing to be a Director ¹	Outstanding LTIP Share Awards ²	Outstanding Deferred Shares ³	Shareholding as a % of salary ⁴	Shareholding Guideline met
André Lacroix ⁵	432,535	463,940	154,924	26,951	2,644	Yes
Ross McCluskey ⁶	5,312	7,082	57,791	4,114	72	No
Jonathan Timmis ⁷	0	548	19,084	39,774	5	No
Andrew Martin	474	7,811	-	-	n/a	n/a
Graham Allan	355	460	-	-	n/a	n/a
Gurnek Bains	357	462	-	-	n/a	n/a
Lynda Clarizio ⁸	0	108	-	-	n/a	n/a
Tamara Ingram ⁹	0	105	-	-	n/a	n/a
Dame Louise Makin ¹⁰	1,179	1,284	-	-	n/a	n/a
Gill Rider	754	863	-	-	n/a	n/a
Jean-Michel Valette	10,370	10,479	-	-	n/a	n/a
Lena Wilson ¹¹	1,182	1,182	-	-	n/a	n/a

1. No changes in the above Directors' interests have taken place between 31 December 2021 and 28 February 2022.

2. Subject to performance conditions.

3. Subject to continued employment or good leaver status.

4. Calculated as the number of shares beneficially owned at 31 December 2021 based on a share price of £56.30 as at 31 December 2021, being the last trading day, and applied to the annual salary for 2021.

5. Appointed 16 May 2015 with the guideline to hold 200% of base salary in shares by 16 May 2020. With effect from 26 May 2021, this was increased to 500% of base salary with effect from the AGM held on 26 May 2021, which has been exceeded.

6. Joined Intertek in August 2016 with the guideline to hold 35% of base salary in shares by August 2021. This was increased on his appointment to Chief Financial Officer on 22 August 2018 to 200% to be achieved by August 2023. He stepped down from the Board with effect from 1 April 2021.

7. Appointed 1 April 2021 with a guideline to hold 200% of base salary in shares by 1 April 2026. This was increased to 300% of base salary with effect from the AGM held on 26 May 2021.

8. Appointed 1 March 2021.

9. Appointed 18 December 2020.

10. Stepped down from the Board with effect from 30 June 2021.

11. Stepped down from the Board with effect from 31 January 2021.

Remuneration Committee report

Continued

Post-employment share ownership requirements

In line with best practice on the post-cessation of employment shareholding guidelines, Executive Directors are required to retain shares equivalent to the lower of their actual shareholding and in-employment shareholding requirement for two years after ceasing employment with Intertek. These will be held in the company Nominee account with the date that the holding restriction falls away annotated on the account.

Payments to past Directors (audited)

Edward Leigh received 10,018 shares on 21 March 2021 which vested at a share price of £53.83. This relates to the 2018 LTIP award, where Edward was treated as a good leaver, with awards pro-rated based on time served in employment. These vested in line with the LTIP awards vesting for other Executives in respect of the performance period ending on 31 December 2020 (41.5%) of maximum.

Ross McCluskey stepped down from his position as a Director on 1 April 2021 and details of his remuneration have been included earlier in the report.

Payments for loss of office (audited)

Louise Makin and Lena Wilson received no payment on ceasing to be Non-Executive Directors of the Company and no payments were made to any Director of the Company for loss of office.

Ross McCluskey continues to be employed by the Group and therefore was not treated as a leaver for the purpose of outstanding incentive awards on ceasing to be a Director.

Percentage change in remuneration levels

The table below shows the average movement in salary and annual incentive for UK employees between the 2019 and 2020, and the 2020 and 2021 financial year ends. The UK total employee population has been chosen as a comparator, as the parent company (Intertek Group plc) does not have any employees apart from the Directors.

	Salary %		Annual Incentive %		Benefits%	
	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
CEO (André Lacroix ¹)	1.0	1.44	(24.2)	n/a ³	(12.4)	(2.31)
CFO (to 1 April 2021) (Ross McCluskey)	0.5	(74.63) ⁴	12.2	n/a ³	(2.5)	(54.72)
CFO (from 1 April 2021) (Jonathan Timmis)	n/a	-	n/a	-	n/a	-
Average based on Intertek's UK employees ²	3.2		(9.9)	n/a	16.45	14.4
Chairman (to 31 Dec 2020) (Sir David Reid)	0	-	n/a	n/a	(25.1)	-
Chairman (from 1 Jan 2021) (Andrew Martin)	0	280.43	n/a	n/a	n/a	0
Graham Allan	0	0	n/a	n/a	0 ⁵	0
Gurnek Bains	0	0	n/a	n/a	(100)	0
Lynda Clarizio (from 1 March 2021)	n/a	-	n/a	n/a	n/a	-
Tamara Ingram (from 18 Dec 2020)	n/a	3250	n/a	n/a	n/a	0
Dame Louise Makin (to 30 June 2021)	0	(43.51)	n/a	n/a	(59.3)	0
Gill Rider	0	11.69	n/a	n/a	(63.5)	n/a ³
Lena Wilson (to 31 January 2021)	0	(85.06)	n/a	n/a	(77.2)	(100)
Jean-Michel Valette	0	13.89	n/a	n/a	(48.9)	(25)

1. The percentage change for incentive and benefits for André Lacroix are based on actual amounts earned from 2019, 2020 and 2021.
2. The Intertek UK employee group has been selected as the most appropriate comparator group, due to the diverse nature of the Group's global employee population.
3. There was an increase in 2020/2021 in comparison to 2019/2020, however due to a 0% change in 2019/2020 it is not possible to calculate the percentage increase.
4. The percentage change for Ross McCluskey is based on the period 1 January to 1 April 2021, when he ceased to be an Executive Director.
5. The percentage change in the 2020 Annual Report & Accounts for 2019/2020 was misstated as an 131% increase. This has been corrected to 0%.

CEO pay ratio

The following table sets out the CEO's pay ratio, comparing the CEO's total remuneration against that of UK employees. The table below shows the required information from 2019 through to 2021. The slight increase in the 2021 CEO's pay ratio is predominantly due to much larger bonus earned in 2021.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021 CEO	Option B	117:1	90:1	56:1
2020 CEO ¹	Option B	94:1	72:1	50:1
2019 CEO	Option B	205:1	152:1	107:1

1. These ratios have been updated to reflect actual LTI vesting value in the single pay figure.

The regulations also require the total pay and benefits and the salary component of total pay to be set out as follows:

	Base salary £	Total pay and benefits £
CEO remuneration	988,153	3,047,636
UK employee 25th percentile	24,872	26,115
UK employee median	30,341	33,938
UK employee 75th percentile	46,113	54,300

Remuneration Committee report

Continued

In terms of reporting options, the Company chose option B, using the most recent gender pay gap information to determine the relevant employees at the 25th, 50th and 75th percentile to compare to CEO pay, as that data was already available and is used for other reporting purposes. It refers to gender pay data as of 1 April 2021 and uses the single total figure methodology for the identified individuals. The pay and benefits for the employees at the quartiles are their total actual annual pay and benefits as of 31 December 2021.

With regards to representativeness of the ratios, Intertek is a very diverse employer and has employees in many UK locations. Our employees have many different qualifications and are working in and serving almost all major industries. As a consequence, it is unlikely that there is any one single individual whose pay and benefits is representative of Intertek UK as a whole. Intertek have therefore also looked at the total pay of the individuals immediately above and below the 25th, 50th and 75th percentile. Looking at the spread of resulting ratios, it was decided that the 'best equivalent' would be the arithmetic mean of the total pay of three individuals around each reporting point:

- For the three employees around the 25th percentile: Ratios ranged from 113:1 to 119:1, with an arithmetic mean of 117:1.
- For the three employees around the 50th percentile: Ratios ranged from 86:1 to 92:1, with an arithmetic mean of 90:1.
- For the three employees around the 75th percentile: Ratios ranged from 49:1 to 62:1, with an arithmetic mean of 57:1.

When calculating total pay and rewards, no pay components were omitted. The Company used the calculation methodology as set out in the relevant regulations (The Companies (Miscellaneous Reporting) Regulations 2018). For part-time employees, their relevant pay and benefit components have been adjusted to the equivalent full-time figure for the relevant business. Full-time equivalent hours can vary across locations and legal entities.

The pay ratio reflects how remuneration arrangements differ as responsibility increases for more senior roles in the organisation, including reflecting that an increased proportion is based on performance-related variable pay and short term based incentives for more senior executives. The Committee is therefore comfortable that the pay ratio reflects the pay and progression policies at Intertek.

Relative importance of the spend on pay

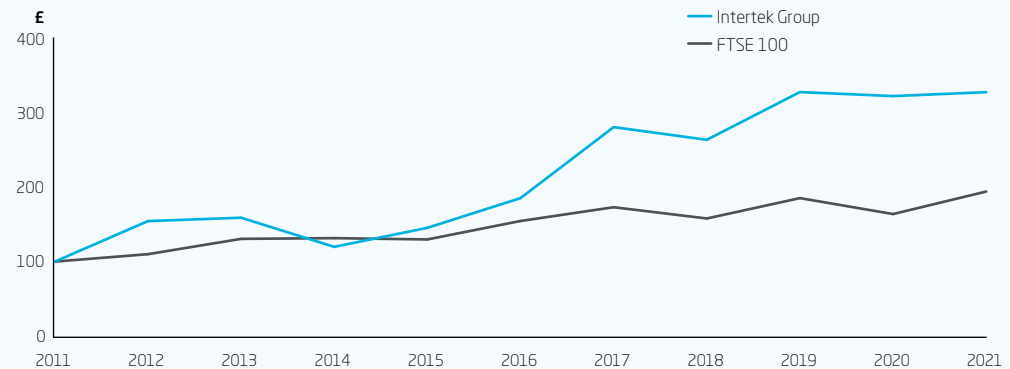
The table below shows the movement in spend on staff costs between the 2020 and 2021 financial years, compared to dividends.

	2021 £m	2020 £m	% change
Staff costs ¹	1,242.6	1,220.4	1.8%
Dividends	170.6	170.4	0.1%

1. Staff costs are shown at actual rates. At constant currency, staff costs increased by 6.7%, reflecting a 5.9% foreign exchange impact.

Performance graph

Consistent with prior years, the graph alongside shows the TSR in respect of the Company over the last ten financial years, compared with the TSR for the full FTSE 100 Index. The FTSE 100 is selected as the comparator group as it is a good representation of peer group companies and Intertek is a constituent of the FTSE 100. TSR, reflecting the change in the value of a share and dividends paid, can be represented by the value of a notional £100 invested at the beginning of a period and its change over that period.



Remuneration Committee report

Continued

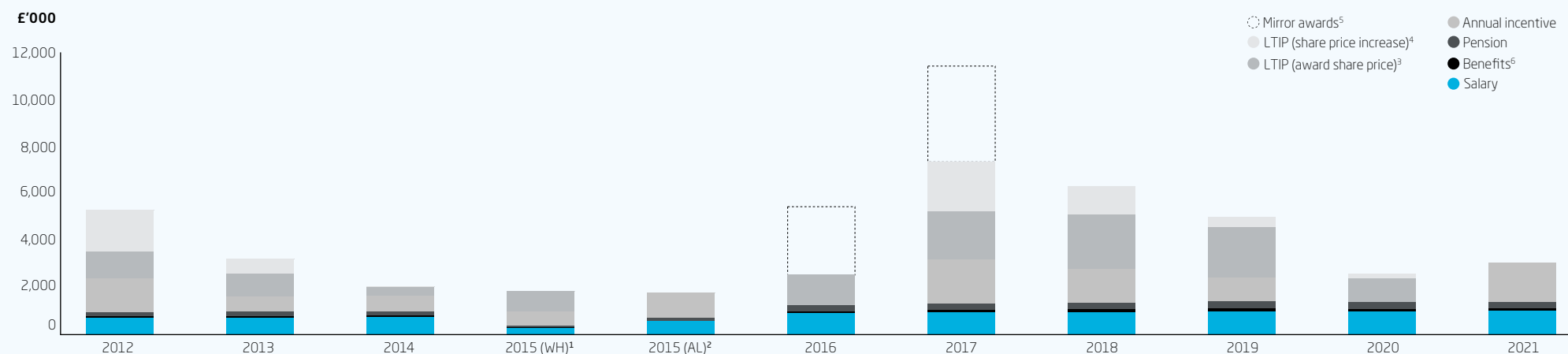
CEO total remuneration

The total remuneration figures for the CEO during each of the past ten financial years are shown in the table below. Consistent with the calculation methodology for the single figure for total remuneration, the total remuneration figure includes the total annual incentive and Deferred Share Award based on that year's performance and LTIP share awards based on the three-year performance period ending in the relevant year. The annual incentive payout and LTIP award vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	2012	2013	2014	W Hauser 2015	A Lacroix 2015	2016	2017	2018	2019	2020	2021
Total remuneration £'000	5,298	3,195	2,011	876	1,824	5,452 ¹	11,417 ¹	6,223	4,986	2,470	3,048
Annual incentive (%)	83.1	34.6	38.4	90.6	96.6	70.2	100.0	75.5	52.3	0.0	85.0
LTIP award vesting (%)	100.0	81.8	25.2	-	-	-	90.87	98.32	89.40	41.50	0.0

1. As reported in previous years, at the time of joining, the Company had bought out André's existing share awards with his previous employer in two tranches of 91,575 and 91,574 shares vesting in 2016 and 2017, each at an award price of £28. The tranche that vested in 2017 vested at a share price of £42.95, which represents an increase in our Company share price over the two years of over 53%. These awards were one-off awards and not part of his ongoing remuneration.

The graph below shows the total remuneration of the Intertek CEO over the ten-year period from 2012 to 2021.



1. Shows W Hauser remuneration based on period to 15 May 2015.

2. Shows A Lacroix remuneration for the period from appointment as CEO on 16 May 2015.

3. LTIP (award share price) shows the proportion of the LTIP value received which resulted from the share price on the award date.

4. LTIP (share price increase) shows the proportion of the LTIP value received which resulted from increase in the share price over the vesting period, which in 2021 was £175,283

5. Mirror Awards – as reported in previous years, at the time of joining, the Company had bought out André's existing share awards with his previous employer in two tranches of 91,575 and 91,574 shares vesting in 2016 and 2017 each at an award price of £28. The tranche that vested in 2017 vested at a share price of £42.95 which represents an increase in our Company share price over the two years of over 53%. These awards were one-off awards and are not part of his ongoing remuneration.

6. Years 2018 to 2021 also include benefits in kind ('BIK') arising from performance of duties and will continue to include any BIK values in future years.

Approval of the Directors' Remuneration report

The Directors' Remuneration report, including both the Directors' Remuneration Policy review report and the Annual report on remuneration, was approved by the Board on 28 February 2022.

Gill Rider
Chair of the Remuneration Committee

Other statutory information

In accordance with the requirements of the Companies Act 2006 ('Act') and the Disclosure Guidance and Transparency Rules ('DTR') of the Financial Conduct Authority ('FCA'), the following section describes the matters that are required for inclusion in the Directors' Report and were approved by the Board. Further details of matters required to be included in the Directors' Report that are incorporated by reference into this report are set out below.

Annual Report & Accounts and compliance with Listing Rule ('LR') 9.8.4 R

The Board has prepared a Strategic Report (pages 4 to 61) which provides an overview of the development and performance of the Company's business together with any research and development activities during the year ended 31 December 2021 and its position at the end of that year. The Strategic Report also outlines any important events since the end of the financial year and also likely future developments in the business of the Company and Group.

For the purposes of compliance with DTR 4.1.5 R(2) and DTR 4.1.8 R, the required content of the management report can be found in the Strategic Report and this Directors' Report, including the sections of the Annual Report & Accounts incorporated by reference.

For the purposes of LR 9.8.4C R, the information required to be disclosed by LR 9.8.4 R can be found in the next table.

Topic	Location and page
1. Amount of interest capitalised	Not applicable
2. Any information required by LR 9.2.18 R (Publication of unaudited financial information)	Not applicable
3. Details of long-term incentive schemes	Directors' Remuneration report (pages 136 to 162)
4. Waiver of emoluments by a Director	Not applicable
5. Waiver of future emoluments by a Director	Not applicable
6. Non pre-emptive issues of equity for cash	Not applicable
7. Information required by (6) above for any unlisted major subsidiary undertaking of the Company	Not applicable
8. Company participation in a placing by a listed subsidiary	Not applicable
9. Any contracts of significance	Other statutory information (page 164)
10. Any contracts for the provision of services by a controlling shareholder	Not applicable
11. Shareholder waivers of dividends	Other statutory information (page 164)
12. Shareholder waivers of future dividends	Other statutory information (page 164)
13. Agreements with controlling shareholders	Not applicable

Directors

The names of the members of the Board, as at the date of this report, and their biographical details are set out on pages 102 to 104. During the year, Andrew Martin was appointed as Chairman on 1 January 2021, Lynda Clarizio was appointed as a Non-Executive Director of the Board on 1 March 2021 and Jonathan Timmis was appointed Chief Financial Officer and a Director on 1 April 2021. Lena Wilson stepped down from the Board as a Non-Executive Director on 31 January 2021, Ross McCluskey ceased to be Chief Financial Officer and a Director on 1 April 2021 after being promoted to an operational role as Executive Vice President Europe and Central Asia and Louise Makin stepped down from the Board as a Non-Executive Director on 30 June 2021.

Articles of Association

The Company's Articles of Association contain provisions relating to the retirement, election and re-election of Directors but, in accordance with best practice, all Directors who wish to continue to serve will stand for re-election at the Annual General Meeting ('AGM').

The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of Directors and the conduct of the Board and general meetings. Copies are available upon request from the Group Company Secretary and are available at the Company's AGM. Further powers are granted by members in general meeting and those currently in place are set out in detail in the appropriate section of this report.

Directors' indemnities

The Board believes that it is in the best interests of the Group to attract and retain the services of the most able and experienced Directors by offering competitive terms of engagement, including the granting of indemnities on terms consistent with the applicable statutory provisions. In accordance with the Articles of Association, the Company has executed deed polls of indemnity for the benefit of the Directors of the Company.

These provisions, which are deemed to be qualifying third-party indemnity provisions (as defined by section 234 of the Act), were in force during the financial year ended 31 December 2021, for the benefit of the Directors and, at the date of this report, remain in force in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

Directors' interests

Other than the Directors' service agreements or letters of appointment, none of the Directors of the Company had a personal interest in any business transactions of the Company or its subsidiaries. The terms of the Directors' service agreements or letters of appointment and the Directors' interests in shares and share awards of the Company, in respect of which transactions are notifiable to the Company and the FCA under Article 19 of the UK Market Abuse Regulation, are disclosed in the Remuneration report on pages 142, 144 and 159.

Directors' powers

The Directors are responsible for the strategic management of the Company and their powers to do so are determined by the provisions of the Act and the Company's Articles of Association.

Other statutory information

Continued

Dividend

The Directors are recommending a final dividend of 71.6p per ordinary share (2020: 71.6p) making a full-year dividend of 105.8p per ordinary share (2020: 105.8p) which will, if approved at the AGM, be paid on 17 June 2022 to shareholders on the register at the close of business on 27 May 2022.

Share capital

The issued share capital of the Company and the details of the movements in the Company's share capital during the year are shown in note 15 to the financial statements.

The holders of ordinary shares are entitled to receive dividends when declared, receive the Company's Annual Report & Accounts, attend and speak at general meetings of the Company, appoint proxies and exercise voting rights. A waiver of dividend exists in respect of the 274,546 shares held by the Intertek Group Employee Share Ownership Trust ('Trust') as at 31 December 2021 and with respect to future dividends. Details of the shares purchased by the Trust during the year are outlined in note 15 to the financial statements. There are no restrictions on the transfer of ordinary shares in the Company.

The rights attached to shares in the Company are provided by the Articles of Association, which may be amended or replaced by means of a special resolution of the Company in a general meeting. The Directors' powers are conferred on them by UK legislation and by the Company's Articles of Association.

No ordinary shares carry any special rights with regard to the control of the Company and there are no restrictions on voting rights except that a shareholder has no right to vote in respect of a share unless all sums due in respect of that share are fully paid. There are no arrangements known to the Company by which financial rights carried by any shares in the Company are held by a person other than the holder of the shares, nor are there any arrangements between holders of securities that may result in restrictions on the transfer of securities or on voting rights known to the Company. All issued shares are fully paid.

Shares are admitted to trading on the London Stock Exchange and may be traded through the CREST system.

Allotment of shares

At the AGM held in 2021, the shareholders generally and unconditionally authorised the Directors to allot relevant securities up to approximately two-thirds of the nominal amount of issued share capital.

It is the Directors' intention to seek renewal of this authority in line with guidance issued by the Investment Association. The resolution will be set out in the Notice of AGM.

At the AGM held in 2021, the Directors were also empowered by the shareholders to allot equity securities, up to 5% of the Company's issued share capital, for cash under section 570 of the Act. It is intended that this authority be renewed, at the forthcoming AGM.

It is the Board's intention, in line with guidance issued by the Pre-Emption Group, to also propose the renewal of the additional special resolution to allow the Company to allot equity securities up to a further 5% of the Company's issued share capital. This is applicable when the Board determines a transaction to be an acquisition or other capital investment, as defined by the Pre-Emption Group's Statement of Principles and is announced contemporaneously with the allotment or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Purchase of own shares

Shareholders also approved the authority for the Company to buy back up to 10% of its own ordinary shares by market purchase until the conclusion of the AGM to be held this year. The Directors will seek to renew this authority for up to 10% of the Company's issued share capital at the forthcoming AGM. This power will only be exercised if the Directors are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase, and accordingly, that the purchase is in the interests of shareholders. The Directors will also give careful consideration to gearing levels of the Company and its general financial position. Any shares purchased in this way may be held in treasury which, the Directors believe, will provide the Company with flexibility in the management of its share capital. Where treasury shares are used to satisfy Share Awards, they will be classed as new issue shares for the purpose of the 10% limit on the number of shares that may be issued over a ten-year period under the relevant share plan rules. The Company currently holds no shares in treasury.

Significant agreements

The Company is not a party to significant agreements which take effect, alter or terminate upon a change of control following a takeover bid apart from a number of credit facilities with banks together with certain senior notes issued by the Company. The total amount owing under such credit facilities and senior note agreements as at 31 December 2021 is shown in note 14 to the financial statements. These agreements contain clauses such that, in the event of a change of control, the Company can offer to or must repay all such borrowings together with accrued interest, fees and other sums owing as required by the individual agreements.

The rules of the Company's incentive plans contain clauses relating to a change of control resulting from a takeover and, in such an event, awards would vest subject to the satisfaction of any associated performance criteria. The Company is not aware of any other agreements with change of control provisions that are considered to be significant in terms of their potential impact to the business.

There are no significant agreements or contracts in place with any group company and a director of the Company or a major shareholder.

Other statutory information

Continued

Material interests in shares

Up to 28 February 2022, being the latest practicable date before the publication of this report, the following disclosures of major holdings of voting rights have been made (and have not been amended or withdrawn) to the Company pursuant to the requirements of Rule 5 of the DTR of the FCA ('DTR 5'). The Company is not aware of any changes in the interests disclosed under DTR 5 since the year end.

At date of notification

Shareholder	Direct voting rights	Indirect voting rights	Percentage of voting rights attached to shares	Voting rights through financial instruments	Percentage of voting rights through financial instruments	Total voting rights	Percentage of total voting rights
BlackRock Inc.	-	10,473,019	6.49%	1,392,394	0.85%	11,865,413	7.34%
Fiera Capital Corporation	-	9,553,525	5.92%	-	-	9,553,525	5.92%
Mawer Investment Management Ltd	8,110,417	-	5.03%	-	-	8,110,417	5.03%
Marathon Asset Management LLP	-	8,037,714	4.98%	-	-	8,037,714	4.98%
Massachusetts Financial Services Company	-	8,004,731	4.96%	-	-	8,004,731	4.96%

These holdings are published on a Regulatory Information Service and on the Company's website.

Our people

Information about the Group's employees, employment of disabled persons policies and employment practices is contained within this report on pages 73 to 79. Information on the employee share schemes is in the Directors' Remuneration report and in note 17 to the financial statements on page 206. The steps by the Company taken to inform, engage and consult with employees is outlined in pages 114 to 120 and in the Section 172 statement on page 55.

Stakeholders

Information on the steps by the Company taken to inform, engage and consult with our stakeholders is outlined in pages 114 to 120 and in the Section 172 statement on pages 58 to 61.

Energy Use and Greenhouse Gas emissions ('GHG')

Information about the Group's energy use, GHGs and methodologies used for the calculations are given in this report on pages 86 to 88.

Task Force on Climate-Related Financial Disclosures ('TCFD')

The climate-related financial disclosures consistent with TCFD recommendations are on pages 50 to 54.

Political donations

At the AGM in 2021, shareholders passed an ordinary resolution, on a precautionary basis, to authorise the Company to make donations to EU political organisations and to incur EU political expenditure (as such items are defined in the Act) not exceeding £90,000.

During the year the Group did not make any such political donations (2020: £nil). It is the Company's policy not, directly or through any subsidiary, to make what are commonly regarded as donations to any political party.

At the forthcoming AGM of the Company, shareholders' approval will again be sought to authorise the Group to make political donations and/or incur political expenditure (as such terms are defined in section 362 to 379 of the Act). Further information is contained in the Notice of AGM.

Branches

The Company, through various subsidiaries has established branches in a number of different countries in which the business operates. The list of related undertakings is available on pages 209 to 217.

Auditor

The auditor, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office. Upon the recommendation of the Audit Committee, a resolution to reappoint them as auditor and to determine their remuneration will be proposed at the forthcoming AGM.

Financial instruments

Details about the Group's use of financial instruments are outlined in note 14 to the financial statements.

Annual General Meeting

The Notice of AGM, which is to be held on 25 May 2022, is available for download from the Company's website at intertek.com/investors. The Notice details the business to be conducted at the meeting and includes information concerning the deadlines for submitting proxy forms and in relation to voting rights.

Statement of disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all reasonable steps that he or she ought to have taken as a Director of the Company to make themselves aware of any relevant audit information and to establish and ensure that the Company's auditor is aware of that information.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report & Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.



André Lacroix
Chief Executive Officer
28 February 2022

Registered Office:
33 Cavendish Square, London W1G 0PS

Registered Number: 04267576

Risk management

Identifying and managing our risks is key to creating sustainable value

Managing risk is key to our organisation being sustainable. Being able to identify and prioritise both opportunities and threats impacting our business, we are able to achieve our objectives over the long term in order to sustain success.

Intertek has implemented an end-to-end integrated approach to risk, control and compliance which embeds risk management throughout our business; allows us to dynamically adapt our controls, policies and assurance activities as our risk environment changes; and creates responsibility and oversight of our risk identification and risk mitigation actions to ensure they are effective, relevant and robust.

Our integrated risk management framework

Risk management is embedded throughout our organisation using a framework of divisional, regional and functional risk committees. These committees meet quarterly to identify, monitor and assess the risks within their area of responsibility using tools which include a dashboard of leading and lagging risk indicators and risk mitigation action plans. It is the responsibility of each committee to assess whether its risk environment is changing, whether it has the right mitigation action plans and whether new or different plans are required in response to new or changing risks.

The risk committees report to our Group Risk Committee which in turn provides a report on risk and mitigation actions at each meeting of the Board.

Our integrated approach to identifying and mitigating risks

At Intertek, we view our risk environment as consisting of emerging risks (risks that are potential or future-looking) and systemic risks (risks which are concrete and actually present or inherent in our operations). Emerging risks are assessed by perceived likelihood and impact and addressed using mitigation action plans on a 'three lines of defence' model. Systemic risks are addressed using our internal controls, policies and procedures.

Our risk identification and mitigation approach is integrated and dynamic as our risk committees continually review their emerging risks and, to the extent those risks start to become systemic (or 'real' rather than 'potential' risks), identify new controls, policies or procedures so that we can put new systemic mitigations in place.

Our integrated approach to risk assurance

We have an integrated approach to getting assurance that our risks are being appropriately and effectively identified and addressed. We use an integrated assurance map, which takes each of our emerging and systemic risks and maps an assurance framework onto them by identifying the roles or functions which are responsible for the management, control and oversight of those risks.

Evidence that this assurance is robust is primarily validated by our Internal Audit function (which audits our financial controls and risks), by our Compliance function (which audits our non-financial, operational controls and risks), and by our CyberSecurity team (which audits our IT controls and risks).

Our integrated approach to risk governance and oversight

The Board ultimately reviews the Group's risks, controls and compliance and mitigation actions. The Audit Committee is responsible for reviewing the adequacy and effectiveness of that risk framework. If this governance and oversight identifies new risks or the need for new controls, policies or procedures, those changes are made and fed back to the framework of risk committees so that governance and oversight results in a dynamic change to our risk identification and mitigation action plans.

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

The TCFD is a market-driven initiative shaping the increased response measures to climate-related financial risks. Mitigating and managing the risks and opportunities associated with climate change is fundamental for Intertek, to enable us to deliver our purpose we evaluate climate related risks and opportunities using our integrated risk management approach. For our TCFD disclosures see pages 50 to 54.

Risk management

Continued

Doing Business the Right Way

We continue to develop a best practice compliance programme to ensure Intertek operates with the highest standards of compliance and ethical business practices, including through our supply chain partners.

We are committed to maintaining the total confidence of our stakeholders. One of the Group's primary business objectives is to help our customers meet quality standards for virtually any market in the world and protect them against risk by ensuring compliance with local, national and international laws.

The accuracy and validity of reports and certificates that we provide are therefore important factors which contribute to our success. Integral to this is 'Doing Business the Right Way'; our internal risk, control, compliance and quality programme.

Our compliance programme ensures:

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

Internal Audit is responsible for reviewing and assessing Intertek's business processes and provides independent and objective assurance and advice that adds value and improves our internal control systems and operations.

Public policy

Our Government & Public Affairs function interacts with trade associations and governmental authorities to provide input into industry and regulatory improvements in product safety, quality and risk assurance. Any interactions with governments, governmental authorities or regulators are reviewed by our Group Legal & Risk functions to ensure that we comply fully with all laws and regulations.

Ethics, integrity and professional conduct

Our commitment to the highest standards of integrity and professional ethics is embedded in the Group's culture through the integrity principles set out in our Code of Ethics ('Code'). It sets clear expectations that people working for our business must act at all times with integrity and in an open, honest, ethical and socially responsible manner. The Code also covers health and safety, anti-bribery, anti-competitive practices, labour and human rights. The Board, as a whole, oversees the implementation of human rights commitments and supports human rights as defined in the Code.

We have a culture in which all issues relevant to our professional conduct and the Code can be raised and discussed openly without recrimination. We operate a strict zero-tolerance policy regarding any breach of our Code and any behaviour that fails to meet our expected standards of integrity as a trusted leader in the Quality Assurance industry.

To support this policy in action, all people working for, or on behalf of, Intertek are required to sign the Code upon joining the Group or before commencing work on our behalf. This confirms their acceptance of the high standards expected of them in all business dealings.

100%

of our colleagues are required to complete our Code of Ethics training

Intertek employees or people acting on Intertek's behalf are responsible for applying the Code in their own job role, their part of the business and location. Every year, to support the continuing understanding in this area, all of our people are required to complete our comprehensive training course.

This training covers the Code and other important professional conduct areas, such as data security and operational controls. When completing the training, all employees are required to sign a certificate confirming their understanding that any breaches of the Code will result in disciplinary action that may include summary dismissal of the employee concerned.

Whistleblowing hotline

To empower our people and stakeholders to voice any concerns about breaches of the Code or any of our policies (including our Labour and Human Rights Policy and Modern Slavery Policy), we have a well-publicised hotline which can be used by all employees, contractors and others representing Intertek, or by third parties such as our customers or people who are affected by our operations.

This whistleblowing hotline is run by an independent, external provider. It is multi-language and is accessible by phone and by email 24 hours a day.

Those concerned are encouraged to report any conduct, compliance, integrity or ethical concerns using the hotline. Information posters are present in all of our sites.

If a report is made to the hotline, it is followed up by Intertek's Compliance officers. Our Group Compliance function, which is independent of our operational businesses and reports directly to our Group General Counsel, fully investigates all reports received.

Provided there is no conflict of interest, all reports are also notified immediately to our Group Ethics & Compliance Committee, which consists of our CEO, CFO, EVP for HR and Group General Counsel. This ensures the effective resolution both of individual issues and of any systemic or process improvements that can be made to address them.

During 2021, 112 reports of non-compliance with the Code were made to our hotline. Of those reports, 19 were substantiated and required remedial action. Of those substantiated claims:

- there were no substantiated grievances relating to human rights, labour practices or societal impact breaches;
- there were no environmental incidents;
- there were no anti-trust incidents reported;
- there were no reported violations of the rights of indigenous people; and
- there were no cases of discrimination.

Five confirmed incidents were identified through our hotline where employees were disciplined or dismissed due to non-compliance with our anti-corruption policy.

Risk management

Continued

Supply chains

Continued focus on suppliers

We are deeply committed to operating with integrity by 'Doing Business the Right Way' and to pursuing our corporate social responsibility activities through living our strong values. Our suppliers have an important part to play in contributing to our sustainability.

Intertek Sustainable Procurement policy

Our sourcing approach

We work with thousands of suppliers around the world. We expect all suppliers to meet the same internationally recognised human rights, environmental and quality standards that we expect of our own businesses. These include meeting local legislative requirements but also applicable international requirements for workers' welfare and conditions of employment, such as those set by the International Labour Organization ('ILO') and the Ethical Trading Initiative.

Large global suppliers offer stability in terms of financial resilience, delivery capacity and pricing structures, potentially coupled with better pricing and improved margins. However, our supply chain is quite diverse and geographically dispersed, and our procurement teams need to find regional and local suppliers. Through structured sourcing processes, we select the best option for us while continuing to support local suppliers that meet our business and sustainability requirements. Over 50% of our annual spend goes on regional and local suppliers, which demonstrates our commitment to supporting the communities in which we operate.

Evaluation of suppliers

Our corporate procedures govern our purchasing and evaluation of vendors and subcontractors supplying Intertek with goods and services.

Approval and evaluation may be based on quality, health and safety, environmental performance and delivery. Performance is also measured, recorded and benchmarked against established objectives as part of our disciplined performance management principles, supported by our Quality Management System.

Further enhancements are planned to aid annual reviews in 2022.

Enterprise Security

At Intertek we have adopted a risk-based security framework, based on international best practice, NIST CyberSecurity Framework. Our framework guides clear policies, standards and supporting guidelines, controls and hiring. We continue to innovate, enhancing service delivery and strengthening internal and external customer relationships to protect customer, employee and Intertek data.

There is regular reporting on progress of the security programmes to governance and oversight committees by our dedicated Chief Information Security Officer, who leads a global team.



Identify

We develop a clear organisational understanding of risks to our systems, people and data, enabling us to prioritise efforts that are consistent with our risk management strategy and business needs.

Protect

We put in place appropriate safeguards to ensure delivery of critical services, including access control, staff awareness and training, and data security. These safeguards support our ability to limit or contain the impact of potential events.

Detect

We define the appropriate activities for the timely discovery of the occurrence of security events. We monitor continuously and verify the effectiveness of protective measures including network and physical activities.

Respond

We ensure response planning processes are executed during and after an incident, so that we take appropriate action regarding situations and contain their impact. We also implement improvements, by incorporating lessons learned from current and previous detection/response activities.

Recover

We undertake appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to an incident. Our recovery function ensures timely recovery to normal operations to reduce the impact from an incident.

Zero

Number of complaints received from outside parties and substantiated by the organisation*

Data protection

We believe that all our people and all our customers have the right to data privacy, and so we have adopted the best practices and standards set out in the General Data Protection Regulation ('GDPR') across all of our markets and operations, and in relation to all individuals whose personal data we obtain and use (not just individuals in the EEA).

Our Group Data Protection Policy is aligned with the GDPR requirements to set out the minimum data protection standards we apply throughout our operations so that we use all personal data transparently, fairly and securely.

To ensure implementation, and to remain uncompromising on Quality and Compliance, our Core Mandatory Controls framework forms the mechanism to define, monitor and achieve consistently high standards. Control and oversight is provided through our CyberSecurity Team, Group Legal & Compliance and the Internal Audit team. We have mandatory training on data privacy for all employees and global data breach response processes.

Zero

Substantiated complaints concerning breaches of customer data policy*

* As reported through our centralised system.

Total Sustainability Assurance

Meeting our own Standards



Intertek has developed ten corporate certification standards. Each standard is designed to verify specific corporate sustainability topics. When your organisation becomes certified in all ten standards, you have achieved Corporate Sustainability Certification.

As a purpose-led organisation we hold ourselves to the same high standards to which we certify our clients and have committed to embed the Total Sustainability Assurance ('TSA') standards within our business and to audit ourselves against them.

The TSA programme is based on ten corporate sustainability standards that we believe define a truly sustainable organisation today. We believe our ten TSA standards are the most comprehensive sustainability standards currently available and include areas that are not covered in other reporting frameworks.

Our ten TSA Corporate Certification Standards demonstrate actionable, comparable, consistent and reliable disclosures and provide assurance beyond ESG disclosures and recognise that truly sustainable solutions must address the important operational aspects of every company, to cover environment, products, processes, facilities, assets, systems, corporate policies and stakeholder engagement.

Progress in 2021

To embed the requirements of all ten standards and review our progress we:

- Completed a self-assessment for each Standard and agreed the scope with the internal audit team for the benchmarking step of the process. The audit team comprises subject matter experts from our Business Assurance business line.
- Benchmarked our sustainability programmes against the requirements of each Standard with the internal audit team. This review focused on the corporate head office and a selection of operational sites that are representative of the mix of business lines and activities within our operations.

Performance is benchmarked against requirements and based on maturity. On completion of the benchmarking step the audit team will provide their findings and assurance to what extent corporate sustainability processes are in place, effective and meeting the intent of the standard.

Outcomes will feed into our ever better approach and provide valuable insights which will enable us to align our sustainability initiatives and priorities further.



Quality & Safety

Provides assurance through management systems certification, risk assessment, internal audits and continual improvement of processes.



Enterprise Security

Aims to manage and control IP assets and cyber risk, while protecting data, privacy and physical assets.



Compliance

Seeks to verify principles with integrity. It also outlines senior management accountability, compliance monitoring and whistleblower policies.



Environment

Guides and contributes towards efforts against climate change, management of resources, proactive protection and restoration of ecosystems, waste reduction and compliance with current environmental regulations.



People and Culture

Verifies that the systems and processes are in place to attract, train and retain the right employees by demonstrating a supportive, transparent and fair company culture.



Risk Management

Verifies an organisation's insurance coverage, risk processes, controls and reporting, in addition to verifying a plan for business continuity and disaster recovery.



Communities

Monitors commitment to making a positive impact on local communities as well as global activities.



Governance

Looks to build an accountable and diverse governance structure, in addition to more transparent stakeholder engagement.



Financial

Helps organisations to create long-term plans, forecasts and strategic management of finances while still managing monthly reporting and budgetary control.



Communications & Disclosures

Defines metrics, internal and external communications procedures for maintaining external transparency.

Transparency

Transparency creates accountability

Engagement with our shareholders and wider stakeholder groups plays a key role to help us understand the impact of our decisions on stakeholders, and provide insight into their needs and concerns. We recognise that disclosures and transparency are key catalysts for driving change.

In line with our own standard on Communications & Disclosures, we deeply believe that total transparency with robust disclosures and relevant targets aligned to corporate strategy is integral for corporations to demonstrate sustainability accountability to their stakeholders.

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

Reporting on our sustainability performance indicators in a consistent and accurate manner is essential for transparent reporting. We follow our own framework of the ten Total Sustainability Assurance Corporate Certification standards as well as GRI and SASB as a basis of preparation for the majority of our sustainability performance indicators.

We are committed to reporting against voluntary external indices to increase transparency, motivate stakeholders and drive change within our business and the value chain.

Completing external assessments demonstrates our commitment to continuous improvement and helps us to prioritise focus areas for future reporting cycles.

Communication guidance and policies

Our Corporate Communications & Public Relations team look after the Group's communications to the Group's corporate stakeholders. This includes communications to the Group's investors, the London Stock Exchange, financial media and the financial analysts that track and analyse the Group's financial performance. Internally, the team helps to support local country marketing teams with corporate data and advice where corporate communications to local stakeholders, such as financial media or government partners, are needed.

The media plays an important role in defining the way Intertek is perceived by its stakeholders. Our media policy sets out policies with respect to the public release of information by employees to the media, and how these requests are managed.

Internal communications

As part of the HR network's efforts to continually improve our development and retention of the best people, our focus is to share the mission, values and success of the Group with our people and develop a supportive and inspiring workplace culture worldwide. An important part of this is regular and consistent engagement with our people through employee communications. The Intertek Group intranet is an internal communication hub. It enables colleagues to stay connected and to share knowledge across the Group in more than 100 countries.

Governance

We are committed to the highest standards of corporate governance to successfully deliver long-term sustainable growth and shareholder value. Our reporting demonstrates how we have engaged with, and taken into consideration, the interests of those stakeholders who are material to the long-term success of our business.

Section 172 statement

🕒 **Pages 55 to 61**

Governance structure

🕒 **Page 99**

Directors' report

🕒 **Pages 98 to 166**

Risk management

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

Principal risks and uncertainties

🕒 **Pages 44 to 49**

Risk management

🕒 **Pages 167 to 169**

TCFD

The Task Force on Climate-related Financial Disclosures ('TCFD') sets out a framework for companies to provide stakeholders with an assessment of the financial implications of climate change and what this means for governance, strategy, risk and metrics. The Annual report contains information in line with the recommendations of the TCFD.

Governance

🕒 **Page 53**

Strategy

🕒 **Pages 51 and 52**

Risk management

🕒 **Page 54**

Metrics and Targets

🕒 **Pages 54, 86 to 88**

Sustainability Disclosure index

Our Sustainability Disclosure index is complementary to our published report and sets out how our disclosures map to our own Total Sustainability standards, the Global Reporting Initiative ('GRI') Standards and applicable Sustainability Accounting Standard Board ('SASB') requirements.

Intertek Sustainability Disclosure Index

🕒 **intertek.com/investors/sustainability**

Financial Report

The Financial Report comprises the Group consolidated Financial Statements and the Company Financial Statements.

The Group consolidated Financial Statements are on pages 173 to 217.

The Company Financial Statements are on pages 218 to 222.

173	Consolidated income statement
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*A
Force for
Good*

FINANCIAL

Consolidated income statement

	Notes	Adjusted results* £m	Separately Disclosed Items* £m	Total 2021 £m	Adjusted results* £m	Separately Disclosed Items* £m	Total 2020 £m
For the year ended 31 December							
Revenue	2	2,786.3	–	2,786.3	2,741.7	–	2,741.7
Operating costs	4	(2,312.4)	(40.7)	(2,353.1)	(2,314.0)	(49.5)	(2,363.5)
Group operating profit/(loss)	2	473.9	(40.7)	433.2	427.7	(49.5)	378.2
Finance income	14	1.5	–	1.5	1.1	–	1.1
Finance expense	14	(29.9)	8.6	(21.3)	(36.0)	0.6	(35.4)
Net financing (costs)/income		(28.4)	8.6	(19.8)	(34.9)	0.6	(34.3)
Profit/(loss) before income tax		445.5	(32.1)	413.4	392.8	(48.9)	343.9
Income tax (expense)/credit	6	(118.0)	11.3	(106.7)	(100.2)	18.9	(81.3)
Profit/(loss) for the year	2	327.5	(20.8)	306.7	292.6	(30.0)	262.6
Attributable to:							
Equity holders of the Company		308.9	(20.8)	288.1	277.3	(30.0)	247.3
Non-controlling interest	20	18.6	–	18.6	15.3	–	15.3
Profit/(loss) for the year		327.5	(20.8)	306.7	292.6	(30.0)	262.6
Earnings per share**							
Basic	7			178.7p			153.6p
Diluted	7			177.9p			152.4p

* See note 3.

** Earnings per share on the adjusted results is disclosed in note 7.

Consolidated statement of comprehensive income

For the year ended 31 December	Notes	2021 £m	2020 £m
Profit for the year	2	306.7	262.6
Other comprehensive income/(expense)			
Remeasurements on defined benefit pension schemes	16	11.5	0.8
Tax on comprehensive income/(expense) items	6	(0.5)	(3.1)
Items that will never be reclassified to profit or loss		11.0	(2.3)
Foreign exchange translation differences of foreign operations		(24.7)	(53.9)
Net exchange gain on hedges of net investments in foreign operations	14	4.0	3.7
Gain on fair value of cash flow hedges		-	0.3
Items that are or may be reclassified subsequently to profit or loss		(20.7)	(49.9)
Total other comprehensive expense for the year		(9.7)	(52.2)
Total comprehensive income for the year		297.0	210.4
Total comprehensive income for the year attributable to:			
Equity holders of the Company		277.4	195.4
Non-controlling interest	20	19.6	15.0
Total comprehensive income for the year		297.0	210.4

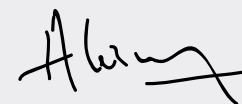
Consolidated statement of financial position

As at 31 December	Notes	2021 £m	2020 £m
Assets			
Property, plant and equipment	8	641.8	585.8
Goodwill	9	1,241.4	835.9
Other intangible assets	9	358.5	279.7
Defined benefit pension asset	16	5.4	-
Deferred tax assets	6	39.3	48.6
Total non-current assets		2,286.4	1,750.0
Inventories*		14.9	15.5
Trade and other receivables*	11	661.9	621.2
Cash and cash equivalents	14	265.9	203.9
Current tax receivable		20.6	24.5
Total current assets		963.3	865.1
Total assets		3,249.7	2,615.1
Liabilities			
Interest-bearing loans and borrowings	14	(462.0)	(31.0)
Current taxes payable		(59.1)	(53.8)
Lease liabilities	14	(63.5)	(61.4)
Trade and other payables*	12	(667.8)	(576.2)
Provisions*	13	(13.2)	(28.8)
Total current liabilities		(1,265.6)	(751.2)
Interest-bearing loans and borrowings	14	(537.2)	(592.8)
Lease liabilities	14	(228.8)	(162.8)
Deferred tax liabilities	6	(67.4)	(59.7)
Defined benefit pension liabilities	16	(4.0)	(12.1)
Other payables*	12	(31.9)	(26.1)
Provisions*	13	(0.5)	(7.4)
Total non-current liabilities		(869.8)	(860.9)
Total liabilities		(2,135.4)	(1,612.1)
Net assets		1,114.3	1,003.0

As at 31 December	Notes	2021 £m	2020 £m
Equity			
Share capital	15	1.6	1.6
Share premium		257.8	257.8
Other reserves		(102.5)	(80.8)
Retained earnings		925.1	796.4
Total equity attributable to equity holders of the Company		1,082.0	975.0
Non-controlling interest	20	32.3	28.0
Total equity		1,114.3	1,003.0

* Working capital of negative £43.3m (2020: negative £4.0m) comprises the asterisked items in the above statement of financial position less refundable deposits aged over 12 months of £6.7m (2020: £2.2m).

The financial statements on pages 173 to 217 were approved by the Board on 28 February 2022 and were signed on its behalf by:



André Lacroix
Chief Executive Officer



Jonathan Timmis
Chief Financial Officer

Consolidated statement of changes in equity

	Attributable to equity holders of the Company								Total equity £m
	Notes	Other reserves					Total before non-controlling interest £m	Non- controlling interest £m	
		Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m			
For the year ended 31 December									
At 1 January 2020		1.6	257.8	(37.3)	6.1	727.7	955.9	29.4	985.3
Total comprehensive (expense)/income for the year									
Profit		-	-	-	-	247.3	247.3	15.3	262.6
Other comprehensive (expense)/income		-	-	(49.9)	0.3	(2.3)	(51.9)	(0.3)	(52.2)
Total comprehensive (expense)/income for the year		-	-	(49.9)	0.3	245.0	195.4	15.0	210.4
Transactions with owners of the Company recognised directly in equity									
Contributions by and distributions to the owners of the Company									
Dividends paid	15	-	-	-	-	(170.4)	(170.4)	(18.6)	(189.0)
Adjustment arising from changes in non-controlling interest	20	-	-	-	-	(2.2)	(2.2)	2.2	-
Purchase of own shares	15	-	-	-	-	(12.2)	(12.2)	-	(12.2)
Tax paid on Share Awards vested*	17	-	-	-	-	(8.5)	(8.5)	-	(8.5)
Equity-settled transactions	17	-	-	-	-	17.7	17.7	-	17.7
IFRS 16 effects of deferred tax		-	-	-	-	(0.7)	(0.7)	-	(0.7)
Total contributions by and distributions to the owners of the Company		-	-	-	-	(176.3)	(176.3)	(16.4)	(192.7)
At 31 December 2020		1.6	257.8	(87.2)	6.4	796.4	975.0	28.0	1,003.0

* The tax paid on Share Awards vested is related to settlement of the tax obligation on behalf of employees by the Group via the sale of a portion of the equity-settled shares.

Consolidated statement of changes in equity Continued

	Notes	Attributable to equity holders of the Company							Total equity £m
		Other reserves				Retained earnings £m	Total before non-controlling interest £m	Non- controlling interest £m	
		Share capital £m	Share premium £m	Translation reserve £m	Other £m				
For the year ended 31 December									
At 1 January 2021		1.6	257.8	(87.2)	6.4	796.4	975.0	28.0	1,003.0
Total comprehensive (expense)/income for the year									
Profit		-	-	-	-	288.1	288.1	18.6	306.7
Other comprehensive (expense)/income		-	-	(21.7)	-	11.0	(10.7)	1.0	(9.7)
Total comprehensive (expense)/income for the year		-	-	(21.7)	-	299.1	277.4	19.6	297.0
Transactions with owners of the Company recognised directly in equity									
Contributions by and distributions to the owners of the Company									
Dividends paid	15	-	-	-	-	(170.6)	(170.6)	(17.0)	(187.6)
Adjustment arising from changes in non-controlling interest	20	-	-	-	-	-	-	1.7	1.7
Purchase of own shares	15	-	-	-	-	(11.4)	(11.4)	-	(11.4)
Tax paid on Share Awards vested*	17	-	-	-	-	(6.7)	(6.7)	-	(6.7)
Equity-settled transactions	17	-	-	-	-	18.6	18.6	-	18.6
Income tax on equity-settled transactions	6	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Total contributions by and distributions to the owners of the Company		-	-	-	-	(170.4)	(170.4)	(15.3)	(185.7)
At 31 December 2021		1.6	257.8	(108.9)	6.4	925.1	1,082.0	32.3	1,114.3

* The tax paid on Share Awards vested is related to settlement of the tax obligation on behalf of employees by the Group via the sale of a portion of the equity-settled shares.

Consolidated statement of cash flows

For the year ended 31 December	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Profit for the year	2	306.7	262.6
Adjustments for:			
Depreciation charge	8	150.6	156.6
Amortisation of software	9	18.7	17.4
Amortisation of acquisition intangibles	9	29.3	28.1
Equity-settled transactions	17	18.6	17.7
Net financing costs	14	19.8	34.3
Income tax expense	6	106.7	81.3
Loss/(Profit) on disposal of property, plant, equipment and software		0.1	(0.9)
Operating cash flows before changes in working capital and operating provisions		650.5	597.1
Change in inventories		0.6	3.5
Change in trade and other receivables		(29.2)	52.9
Change in trade and other payables		62.0	36.8
Change in provisions		(2.7)	(3.1)
Special contributions into pension schemes	16	(2.0)	(2.0)
Cash generated from operations		679.2	685.2
Interest and other finance expense paid		(27.0)	(34.8)
Income taxes paid		(102.0)	(91.6)
Net cash flows generated from operating activities*		550.2	558.8
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		1.0	7.6
Interest received*	14	1.5	1.1
Acquisition of subsidiaries, net of cash acquired	10	(480.9)	-
Consideration paid in respect of prior year acquisitions		(10.9)	(0.5)
Acquisition of property, plant, equipment and software*		(97.1)	(79.8)
Net cash flows used in investing activities		(586.4)	(71.6)

For the year ended 31 December	Notes	2021 £m	2020 £m
Cash flows from financing activities			
Purchase of own shares	15	(11.4)	(12.2)
Tax paid on share awards vested		(6.7)	(8.5)
Drawdown of borrowings		471.3	279.9
Repayment of borrowings		(72.4)	(507.1)
Repayment of lease liabilities*		(70.4)	(72.0)
Dividends paid to non-controlling interest	20	(17.0)	(18.6)
Equity dividends paid		(170.6)	(170.4)
Net cash flow generated from/(used in) financing activities		122.8	(508.9)
Net increase/(decrease) in cash and cash equivalents	14	86.6	(21.7)
Cash and cash equivalents at 1 January	14	183.4	213.0
Exchange adjustments	14	(6.0)	(7.9)
Cash and cash equivalents at 31 December	14	264.0	183.4

The notes on pages 179 to 217 are an integral part of these consolidated financial statements.

Cash outflow relating to Separately Disclosed Items was £16.6m for year ended 31 December 2021 (2020: £19.9m).

* Free cash flow of £385.2m (2020: £415.7m) comprises the asterisked items in the above consolidated statement of cash flows.

Notes to the financial statements

1 Significant accounting policies

Basis of preparation

Accounting policies applicable to more than one section of the financial statements are shown below. Where accounting policies relate to a specific note in the financial statements, they are set out within that note, to provide readers of the financial statements with a more useful layout to the financial information presented.

Statement of compliance

Intertek Group plc is a public company incorporated in England & Wales and domiciled in the UK, limited by shares.

The Group financial statements as at and for the year ended 31 December 2021 consolidate those of the Company and its subsidiaries (together referred to as the 'Group') and include the Group's interest in associates. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. Intertek Group plc transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition. The Group financial statements have been prepared by the Directors in accordance with these accounting standards in conformity with the requirements of the Companies Act 2006. The Company financial statements present information about the Company as a separate entity and not about its Group. The Company has elected to prepare its Company financial statements in accordance with UK GAAP, comprising FRS 101 and applicable law; these are presented on pages 218 to 222.

Significant new accounting policies

During the year no new accounting standards were adopted by the Group.

Changes in accounting policies

The accounting policies set out in these financial statements have been applied consistently to all years presented, apart from those disclosed below. There are no new accounting standards that are effective for annual periods beginning on or after 1 January 2021 that have a material effect on the consolidated financial statements of the Group. There are no accounting standards that are issued but not yet effective that are expected to have a material effect on the consolidated financial statements of the Group.

The Interest Rate Benchmark Reform, which does not impact on the Group's hedging instruments, is assessed further in note 14.

In 2021 the Group changed its accounting policy to include finance expenses on tax balances within interest expense. The impact of this change on the opening balance sheet and the prior year income statement is not material and no restatement has been made. The impact on net finance costs for the year ending 31 December 2021 is an increased expense of £4.2m with a corresponding increase in tax liabilities.

Measurement convention

The financial statements are prepared on the historical cost basis except as discussed in the relevant accounting policies.

Functional and presentation currency

These consolidated financial statements are presented in sterling, which is the Company's functional currency. All information presented in sterling has been rounded to the nearest £0.1m.

Going concern

The Group has a broad customer base across its multiple business lines and in its different geographic regions and is supported by a robust balance sheet and strong operational cash flows.

The Board has reviewed the Group's financial forecasts up to 31 December 2023 to assess both liquidity requirements and debt covenants.

In addition, the Group's financial forecasts for 2022 and 2023, and the related liquidity position and forecast compliance with debt covenants, have been sensitised for a severe yet plausible decline in economic conditions (including an illustrative sensitivity scenario of a reduction of 30% to the base profit forecasts and the corresponding impact to cash flow forecasts in each of these years). In addition, reverse stress testing has also been applied to the model which represents a significant decline in cash flows compared with the 30% downside sensitivity. Such a scenario is considered to be remote. The Board remains satisfied with the Group's funding and liquidity position, with the Group forecast to remain within its committed facilities and compliant with debt covenants even following the 30% downside sensitivity. The sensitivity modelling excludes additional mitigating actions (e.g. dividend cash payments, non-essential overheads and non-committed capital expenditure) that are within management control and could be initiated if deemed required.

The undrawn headroom on the Group's committed borrowing facilities at 31 December 2021 was £564.2m (2020: £494.0m). The maturity of our borrowing facilities is disclosed in Note 14 of the financial statements with repayment of the Acquisition facilities and US\$300m of senior notes required by 31 December 2023. Our models forecast these to be repaid using existing facilities, including US\$640m senior notes facility committed for issue in December 2021 but which was not available for partial draw down until January 2022, with the remainder available for drawdown in March 2022. Full details of the Group's borrowing facilities and maturity profile are outlined in note 14.

On the basis of its forecasts to 31 December 2023, both base case and downside, and available facilities, the Board has concluded that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

Consideration of climate change

In preparing the financial statements, we have considered the impact of climate change (refer to page 50 within the Strategic Report for further information). There is no material impact on the financial reporting judgement and estimates arising from our considerations which is consistent with the assertion that risks associated with climate change are not expected to have a material impact on the viability of the Group in the short, medium and long term. Specifically we note the following:

- The Group continues to invest in on-site renewable energy generation at our locations. Spend in 2021 was not material.
- We have specifically considered the impact of climate change on the carrying value of fixed assets (see note 8) and in our goodwill impairment assessment (see note 9).
- The Group has not bought carbon credits in 2021 to offset our measured Scope 1, 2 and 3 GHG emissions. In 2020 the cost of purchasing carbon credits was less than £1m.

Government grants

Government grants are recognised in the income statement so as to match them with the related expenses that they are intended to compensate. Where grants are received in advance of the related expenses, they are initially recognised in the balance sheet and released to match the related expenditure. Non-monetary grants are recognised at fair value. The related cash flow is classified in accordance with the nature of the activity.

Notes to the financial statements Continued

1 Significant accounting policies Continued

Basis of consolidation**Subsidiaries**

Subsidiaries are those entities controlled by the Group. Control exists when the Group has power to direct the relevant activities, exposure to variable returns from the investee and the ability to use its power over the investee to affect the amount of investor returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

For purchases of non-controlling interest in subsidiaries, the difference between the cost of the additional interest in the subsidiary and the non-controlling interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of acquisition, is reflected directly in shareholders' equity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency**Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities (for example cash, trade receivables, trade payables) denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are generally recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. For the policy on hedging of foreign currency transactions see note 14.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to sterling at foreign exchange rates ruling at the reporting date.

The income and expenses of foreign operations are translated into sterling at cumulative average rates of exchange during the year. Exchange differences arising from the translation of foreign operations are taken directly to equity in the translation reserve. They are released to the income statement upon disposal. For the policy on net investment hedging see note 14.

The most significant currencies for the Group were translated at the following exchange rates:

Value of £1	Assets and liabilities Actual rates		Income and expenses Cumulative average rates	
	31 December 2021	31 December 2020	2021	2020
US dollar	1.35	1.35	1.38	1.28
Euro	1.19	1.10	1.16	1.13
Chinese renminbi	8.59	8.81	8.89	8.88
Hong Kong dollar	10.52	10.47	10.70	9.96
Australian dollar	1.86	1.78	1.83	1.87

Key Estimations and Uncertainties

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Discussed below are key assumptions concerning the future, and other key sources of estimation at the reporting date, that could have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Impairment of goodwill

Following recognition of goodwill as a result of acquisitions, the Group determines, as a minimum on an annual basis and including current year acquisitions, whether goodwill is impaired, which requires an estimation of the future cash flows of the cash generating units to which the goodwill is allocated, as well as assumptions on growth rates and discount rates – see note 9.

Employee post-retirement benefit obligations

For material defined benefit plans, the actuarial valuation includes assumptions such as discount rates, return on assets, salary progression and mortality rates. Further details and sensitivity analysis are included in note 16.

There are no critical accounting judgements.

Other accounting policies

Accounting policies relating to a specific note in the financial statements are set out within that note as follows:

	Note
Revenue	2
Separately Disclosed Items	3
Taxation	6
Property, plant and equipment	8
Goodwill and other intangible assets	9
Trade and other receivables	11
Trade and other payables	12
Provisions	13
Borrowings and financial instruments	14
Capital and reserves	15
Employee benefits	16
Share schemes	17
Non-controlling interest	20

Notes to the financial statements Continued

2 Operating segments and presentation of results

Accounting policy

Revenue

Revenue represents the total amount receivable for services rendered when there is transfer of control to the customer, excluding sales-related taxes and intra-group transactions.

Revenue from services rendered on short-term projects is generally recognised in the income statement when the relevant service is completed, usually when the report of findings or test/inspection certificate is issued. Short-term projects are considered to be those of less than two months' duration.

In line with IFRS15, rebates and customer discounts are considered to be variable consideration and have been deducted from recognised Revenue.

Revenue is recognised using the five steps for revenue recognition. The majority of contracts are for less than one year. The Group records transactions as sales on the basis of value of work done, with the corresponding amount being included in trade receivables if the customer has been invoiced, or in contract assets, if billing has yet to be completed. Performance obligations vary across business lines and regions, and on a contract-by-contract basis. There may be more than one performance obligation per contract, for example Alchemy Training Solutions contracts have multiple elements which are split between recognising Revenue at a point in time for services such as right of use software licences and over time for other services delivered under the same contract.

Long-term projects consist of two main types:

- time incurred is billed at agreed rates on a periodic basis, such as monthly; or
- staged payment invoicing occurs, requiring an assessment of percentage completion, based on services provided and revenue accrued accordingly.

Expenses are recharged to clients where permitted by the contract. Payments received in advance from customers are recognised in contract liabilities to the extent that performance obligations have not been satisfied.

The Group does not expect to have any material contracts where the period between the transfer of promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group has applied practical expedients in i) recognising assets from the costs incurred to obtain or fulfil a contract; and ii) in disclosing unsatisfied performance obligations in contracts as contracts have an expected duration of less than a year. The economic factors affecting revenue for both short- and long-term contracts are consistent within each.

Operating segments

The Group is organised into business lines, which are the Group's operating segments and are reported to the CEO, the chief operating decision maker.

These operating segments are aggregated into three divisions, which are the Group's reportable segments, based on similar nature of products and services and mid- to long-term structural growth drivers. When aggregating operating segments into the three divisions we have applied judgement over the similarities of the services provided, the customer base and the mid- to long-term structural growth drivers.

The costs of the corporate head office and other costs which are not controlled by the three divisions are allocated appropriately.

Inter-segment pricing is determined on an arm's length basis. There is no significant seasonality in the Group's operations. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The performance of the segments is assessed based on adjusted operating profit which is stated before Separately Disclosed Items. The operating segment revenue disclosures provided under IFRS 8 are consistent with the disaggregated revenue disclosure and recognition and measurement requirements of IFRS 15.

A reconciliation to operating profit by division and Group profit for the year is included overleaf.

The principal activities of the divisions, and the customers they serve, are as follows:

Products – Our Products division consists of business lines that are focused on ensuring the quality and safety of physical components and products, as well as minimising risk through assessing the operating process and quality management systems of our customers.

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

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

The acquisition of SAI Global Standards and Assurance ('SAI'), an assurance division that provides audit, inspection and certification services is similar to our existing Business Assurance line and is recognised within our Products division. The acquisition of SAI is in line with our 5x5 strategy, which aims to further strengthen our Total Quality Assurance value proposition and expand our presence in attractive markets with long-term growth opportunities. See note 10 for details of acquisitions.

Trade – Our Trade division consists of three global business lines with similar global and regional trade-flow structural growth drivers with demand driven by population and GDP growth, the development of regional trade, increased traceability and growth in port and transport infrastructure.

The division provides differing services which reflect the breadth of our ATIC offering, but the services provided are similar in nature and include analytical assessment, inspection and technical services that are delivered to the customers through issuing certificates or reports. The three business lines all assist our Trade-related customers in protecting the value and quality of their products during their custody-transfer, storage and transportation, globally. Our Trade-related customers are all dependent on, and intrinsically linked to, global shipping and trade flows.

Notes to the financial statements Continued

2 Operating segments and presentation of results Continued

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

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

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

Resources – Our Resources division consists of two business lines demonstrating similar mid- to long-term structural growth drivers closely linked to our end-customer capital investment. Demand is driven by long-term energy demand, supply chain risk management, sustainability of energy supply, infrastructure investments, growth in alternative energy and focus on health and safety.

The division offers similar services across our range of Total Quality Assurance solutions to the oil, gas, nuclear, power and minerals industries. Our Resources customers typically extract natural resources from the ground and our services enable our customers to optimise the use of their assets and to minimise risk in their supply chains. Delivery of our services is through issuing certificates or reports.

Our Industry Services business uses in-depth knowledge of the oil, gas, nuclear and power industries to provide a diverse range of Total Quality Assurance solutions to optimise the use of customers' assets and minimise the risk in their supply chains. Some of our key services include technical inspection, asset integrity management, analytical testing and ongoing training services.

Our Minerals business provides a broad range of ATIC service solutions to the mining and minerals exploration industries, covering the resource supply chain from exploration and resource development, through to production, shipping and commercial settlement.

The results of these divisions for the year ended 31 December are shown below:

	Revenue from contracts with customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Year ended 31 December 2021					
Products	1,755.3	(106.3)	399.7	(34.3)	365.4
Trade	575.4	(43.7)	51.6	(1.4)	50.2
Resources	455.6	(19.3)	22.6	(5.0)	17.6
Total	2,786.3	(169.3)	473.9	(40.7)	433.2
Group operating profit			473.9	(40.7)	433.2
Net financing (costs)/income			(28.4)	8.6	(19.8)
Profit before income tax			445.5	(32.1)	413.4
Income tax (expense)/credit			(118.0)	11.3	(106.7)
Profit for the year			327.5	(20.8)	306.7
Year ended 31 December 2020					
Products	1,681.6	(108.1)	351.6	(32.1)	319.5
Trade	592.6	(45.1)	47.1	(5.0)	42.1
Resources	467.5	(20.8)	29.0	(12.4)	16.6
Total	2,741.7	(174.0)	427.7	(49.5)	378.2
Group operating profit			427.7	(49.5)	378.2
Net financing (costs)/income			(34.9)	0.6	(34.3)
Profit before income tax			392.8	(48.9)	343.9
Income tax (expense)/credit			(100.2)	18.9	(81.3)
Profit for the year			292.6	(30.0)	262.6

Notes to the financial statements Continued

2 Operating segments and presentation of results Continued

Geographic segments

Although the Group is managed through a divisional structure, which operates on a global basis, under the requirements of IFRS 8 the Group must disclose any specific countries that are important to the Group's performance. The Group considers the following to be the material countries in which it operates: the United States, China (including Hong Kong) and the United Kingdom.

In presenting information on the basis of geographic segments, segment revenue is based on the location of the entity recognising that revenue. Segment assets are based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2021 £m	2020 £m	2021 £m	2020 £m
United States	837.1	870.8	974.2	962.2
China (including Hong Kong)	550.3	517.9	81.4	77.2
United Kingdom	173.9	161.6	226.8	191.2
Other countries and unallocated	1,225.0	1,191.4	959.3	470.8
Total	2,786.3	2,741.7	2,241.7	1,701.4

Major customers

No revenue from any individual customer exceeded 10% of total Group revenue in 2020 or 2021.

3 Separately Disclosed Items

Accounting policy

Adjusted results

In order to present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the income statement. Separately Disclosed Items ('SDI') are items which by their nature or size, in the opinion of the Directors, should be excluded from the adjusted result to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis. A full glossary and definitions of adjusted performance metrics used by the Group is included on page 230.

When applicable, these items include amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.

Adjusted operating profit, which is a non-GAAP measure, excludes the amortisation of acquired intangible assets, primarily customer relationships, as we do not believe that the amortisation charge in the income statement provides useful information about the cash costs of running our business as these assets will be supported and maintained by the ongoing marketing and promotional expenditure, which is already reflected in operating costs. Amortisation of software, however, is included in adjusted operating profit as it is similar in nature to other capital expenditure. The costs of any restructuring as part of our 5x5 differentiated strategy for growth and integration costs are excluded from adjusted operating profit where they represent

fundamental changes in individual operations around the Group and where they reflect the change of our operational structure identified as part of the Group's strategy that are not expected to recur in those operations. 2020 was the last year of the fundamental restructuring activities consistent with the Group's 5x5 strategy. The impairment of goodwill and other assets that by their nature or size are not expected to recur; the profit and loss on disposals of businesses or other significant assets; and the costs associated with successful, active or aborted acquisitions are excluded from adjusted operating profit to provide useful information regarding the year-on-year performance of the Group's operations.

As adjusted results include the benefits of the items detailed above, but exclude significant costs related to those items, they should not be regarded as a complete picture of the Group's financial performance, which is presented on the face of the Income Statement under Total results. The exclusion of these items may result in Adjusted operating profit being materially higher or lower than Total operating profit. In particular, where significant impairments, restructuring charges and legal costs are excluded in any year, Adjusted operating profit will be higher than Total operating profit.

Separately Disclosed Items

The Separately Disclosed Items are described in the table below:

	2021 £m	2020 £m
Operating costs:		
Amortisation of acquisition intangibles	(a) (29.3)	(28.1)
Acquisition and integration costs	(b) (11.4)	(2.4)
Restructuring costs	(c) -	(19.0)
Total operating costs	(40.7)	(49.5)
Net financing income	(d) 8.6	0.6
Total before income tax	(32.1)	(48.9)
Income tax credit on Separately Disclosed Items	11.3	18.9
Total	(20.8)	(30.0)

- Of the amortisation of acquisition intangibles in the current year, £3.1m relates to the customer relationships, trade names and technology acquired with the purchase of SAI Global Assurance ('SAI') in 2021.
- Acquisition and integration costs comprise £11.3m (2020: £2.0m) for transaction and integration costs in respect of successful, active and aborted acquisitions in the current year, and £0.1m in respect of prior-years' acquisitions (2020: £0.4m).
- During 2020 the Group implemented the final year of various fundamental restructuring activities, consistent with the Group's 5x5 strategy. These activities included site consolidations, closure of non-core business units, re-engineering of underperforming businesses and the delayering of management structures.
- Net financing income of £8.6m (2020: £0.6m income) relates to the release of contingent consideration due to terms not being met in relation to acquisitions from prior periods.

Notes to the financial statements Continued

4 Expenses and auditors' remuneration

An analysis of operating costs by nature is outlined below:

	2021 £m	2020 £m
Employee costs	1,242.6	1,220.4
Depreciation and software amortisation (notes 8 and 9)	169.3	174.0
Other expenses	941.2	969.1
Total	2,353.1	2,363.5

Certain expenses are outlined below, including fees paid to the auditors of the Group:

	2021 £m	2020 £m
Included in profit for the year are the following expenses:		
Property rentals	7.1	9.0
Lease and hire charges – fixtures, fittings and equipment	9.5	11.3
Government grants related to employee costs	(15.6)	(22.5)
Profit on disposal of property, fixtures, fittings, equipment and software	0.8	(0.2)
Auditors' remuneration:		
Audit of these financial statements	0.9	0.8
Amounts receivable by the auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	3.8	4.0
Total audit fees payable pursuant to legislation	4.7	4.8
Audit-related services	0.1	0.2
Total	4.8	5.0

5 Employees

Total employee costs are shown below:

Employee costs	2021 £m	2020 £m
Wages and salaries	1,050.9	1,031.0
Equity-settled transactions	18.6	17.7
Social security costs	119.3	118.9
Pension costs (note 16)	53.8	52.8
Total employee costs	1,242.6	1,220.4

Details of pension arrangements and equity-settled transactions are set out in notes 16 and 17 respectively.

Average number of employees by division	2021	2020
Products	23,378	23,849
Trade	9,970	10,466
Resources	8,315	8,395
Central	1,917	1,915
Total average number for the year ended 31 December	43,580	44,625
Total actual number at 31 December	44,063	43,769

The total remuneration of the Directors is shown below:

Directors' emoluments	2021 £m	2020 £m
Directors' remuneration	5.4	2.8
Amounts charged under the long-term incentive scheme	2.2	1.3
Total Directors' emoluments	7.6	4.1

6 Taxation

Accounting policy

Income tax for the year comprises current and deferred tax. Income tax is recognised in the same primary statement as the accounting transaction to which it relates.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax liability. Measurement is dependent on management's expectation of the outcome of decisions by tax authorities in the various tax jurisdictions in which the Group operates. This is assessed on a case-by-case basis using in-house tax experts, professional firms and previous experience. Where the outcome of discussions with tax authorities is different from the amount initially recorded, this difference will impact the tax expense in the period in which the determination is made.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

- recognition of consolidated goodwill;
- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries, branches, associates and interest in joint ventures, the reversal of which is under the control of the Group and where it is probable that the difference will not reverse in the foreseeable future.

Notes to the financial statements Continued

6 Taxation Continued

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the balance sheet date, for the periods when the asset is realised or the liability is settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Any additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax expense

The Group operates across many different tax jurisdictions. Income and profits are earned and taxed in the individual countries in which they occur.

The statutory tax charge, including the impact of SDIs, of £106.7m (2020: £81.3m), equates to an effective rate of 25.8% (2020: 23.6%) and the cash tax on adjusted results is 22.9% (2020: 23.3%).

The income tax expense for the adjusted profit before tax for the 12 months ended 31 December 2021 is £118.0m (2020: £100.2m). The Group's adjusted consolidated effective tax rate for the 12 months ended 31 December 2021 is 26.5% (2020: 25.5%).

Differences between the consolidated effective tax rate of 25.8% and notional statutory UK rate of 19.0% include but are not limited to: the mix of profits; the effect of tax rates in foreign jurisdictions; non-deductible expenses; the effect of movement in unrecognised deferred tax asset; movements in the provision for uncertain tax positions; withholding tax on intra-group dividends; tax exempt income; and under/over provisions in previous periods.

The Group receives tax incentives in certain jurisdictions, resulting in a lower tax charge to the income statement. These tax incentives mainly relate to China's High and New Technology Enterprise and Technology Advanced Service Enterprise incentives. Without these incentives the adjusted effective tax rate would be 29.0% (2020: 28.0%).

Tax charge

The total income tax charge, comprising the current tax charge and the movement in deferred tax, recognised in the income statement is analysed as follows:

	2021 £m	2020 £m
Current tax charge for the period	110.4	94.8
Adjustments relating to prior year liabilities	3.6	(3.7)
Current tax	114.0	91.1
Deferred tax movement related to current year	(2.1)	(2.4)
Deferred tax movement related to prior year	(5.2)	(7.4)
Deferred tax movement	(7.3)	(9.8)
Total tax in income statement	106.7	81.3
Tax on adjusted result	118.0	100.2
Tax on Separately Disclosed Items	(11.3)	(18.9)
Total tax in income statement	106.7	81.3

Reconciliation of effective tax rate

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective tax rate of the Group on profit before taxation.

	2021 £m	2020 £m
Profit before taxation	413.4	343.9
Notional tax charge at UK standard rate 19.0% (2020: 19.0%)	78.5	65.3
Differences in overseas tax rates	13.2	5.4
Withholding tax on intercompany dividends	10.0	10.7
Non-deductible expenses	13.5	12.1
Tax exempt income	(7.0)	(5.7)
Change in tax rate impact	(0.1)	(0.5)
Movement in unrecognised deferred tax	1.3	4.9
Adjustments in respect of prior years ¹	(1.6)	(11.1)
Other ²	(1.1)	0.2
Total tax in income statement	106.7	81.3

- Adjustments in respect of prior years include a £1.2m charge relating to tax settlements, a deferred tax credit adjustment of £1.8m relating to an earn-out payment and a £1.0m credit in the UK relating to higher double tax relief for overseas taxes.
- The Other category contains R&D tax credits and super deductions of £2.6m (2020: £3.2m) and a net provision charge of £0.6m (2020: £2.5m) following the review of uncertain tax provisions across multiple territories. The remainder represents other local taxes.

The main rate of UK corporation tax is 19.0% and it has been substantively enacted on 24 May 2021 that the rate will increase to 25.0% from 1 April 2023. This has a consequential effect on the Group's future tax charge and has resulted in an increase in the UK net deferred tax asset of £0.4m.

Notes to the financial statements Continued

6 Taxation Continued

Income tax recognised in other comprehensive income ('OCI')

As noted in the accounting policy, tax is recognised in the same place as the relevant accounting charge. The income tax recognised on items recorded in other comprehensive income is shown below:

	Before tax 2021 £m	Tax charge 2021 £m	Net of tax 2021 £m	Before tax 2020 £m	Tax charge 2020 £m	Net of tax 2020 £m
Foreign exchange translation differences of foreign operations	(24.7)	-	(24.7)	(53.9)	(2.8)	(56.7)
Net exchange gain/(loss) on hedges of net investments in foreign operations	4.0	-	4.0	3.7	-	3.7
Gain on fair value of cash flow hedges	-	1.7	1.7	0.3	-	0.3
Remeasurements on defined benefit pension schemes	11.5	(2.2)	9.3	0.8	0.3	1.1
Tax on other items that will never be reclassified to profit or loss	-	-	-	-	(0.6)	(0.6)
Total other comprehensive (expense)/income for the year	(9.2)	(0.5)	(9.7)	(49.1)	(3.1)	(52.2)

Income tax recognised directly in equity

As noted in the accounting policy, tax is recognised in the same place as the relevant accounting charge. The income tax on items recognised in equity is shown below:

	Before tax 2021 £m	Tax charge 2021 £m	Net of tax 2021 £m	Before tax 2020 £m	Tax charge 2020 £m	Net of tax 2020 £m
Equity-settled transactions	18.6	(0.3)	18.3	17.7	-	17.7

Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £m	Assets 2020 £m	Liabilities 2021 £m	Liabilities 2020 £m	Net 2021 £m	Net 2020 £m
Intangible assets	0.3	0.4	(90.9)	(72.5)	(90.6)	(72.1)
Property, plant and equipment	6.6	7.1	(3.4)	(3.9)	3.2	3.2
Pensions	1.2	1.8	(1.4)	-	(0.2)	1.8
Equity-settled transactions	7.7	8.3	-	-	7.7	8.3
Provisions and other temporary differences	62.9	52.0	(22.0)	(13.3)	40.9	38.7
Tax value of losses	10.9	9.0	-	-	10.9	9.0
Total	89.6	78.6	(117.7)	(89.7)	(28.1)	(11.1)
As shown on balance sheet:						
Deferred tax assets*					39.3	48.6
Deferred tax liabilities*					(67.4)	(59.7)
Total					(28.1)	(11.1)

* The deferred tax by category shown above is not netted off within companies or jurisdictions. The balance sheet shows the net position within companies or jurisdictions. The difference between the two asset and liability totals is £50.3m, but the net liability of £28.1m is the same in both cases. Deferred tax assets totalling £3.8m have been recognised in companies which incurred a loss in either the current or prior period. The deferred tax assets are recognised on the basis that these companies are projected to be profitable in future periods.

Movements in deferred tax temporary differences during the year

The movement in the year in deferred tax assets and liabilities is shown below:

	1 January 2021 £m	Exchange adjustments £m	Acquisitions ¹ £m	Recognised in income statement £m	Recognised in equity and OCI £m	31 December 2021 £m
Intangible assets	(72.1)	2.1	(29.7)	9.1	-	(90.6)
Property, fixtures, fittings and equipment	3.2	0.6	0.1	(0.7)	-	3.2
Pensions	1.8	-	0.1	0.1	(2.2)	(0.2)
Equity-settled transactions	8.3	-	-	(0.1)	(0.5)	7.7
Provisions and other temporary differences	38.7	(1.6)	2.2	1.6	-	40.9
Tax value of losses	9.0	(0.2)	4.8	(2.7)	-	10.9
Total	(11.1)	0.9	(22.5)	7.3	(2.7)	(28.1)

1. Deferred tax balances arising on the acquisition of SAI and JLA and remain subject to finalisation.

Notes to the financial statements Continued

6 Taxation Continued

	1 January 2020 £m	Exchange adjustments £m	Acquisitions £m	Recognised in income statement £m	Recognised in equity and OCI £m	31 December 2020 £m
Intangible assets	(87.0)	1.8	(1.1)	14.7	(0.5)	(72.1)
Property, fixtures, fittings and equipment	3.9	(0.3)	-	(0.4)	-	3.2
Pensions	2.2	-	-	(0.2)	(0.2)	1.8
Equity-settled transactions	8.6	-	-	0.5	(0.8)	8.3
Provisions and other temporary differences	41.2	(2.1)	-	0.7	(1.1)	38.7
Tax value of losses	14.8	(0.3)	-	(5.5)	-	9.0
Total	(16.3)	(0.9)	(1.1)	9.8	(2.6)	(11.1)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the items shown below. The numbers shown are the gross temporary differences, and to calculate the potential deferred tax asset it is necessary to multiply these by the tax rates in each case:

	2021 £m	2020 £m
Intangibles	29.3	28.7
Pensions	1.5	1.5
Provisions and other temporary differences	-	0.2
Tax losses	161.9	150.7
Foreign tax credits ¹	12.0	12.0
Property, fixtures, fittings and equipment	0.5	-
Total	205.2	193.1

1. The total unrecognised foreign tax credits is £3.2m, the grossed-up equivalent amount of which is £12.0m as stated above.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available in certain jurisdictions against which the Group can utilise the benefits from them.

There is a temporary difference of £284.4m (2020: £276.4m) which relates to unremitted post-acquisition overseas earnings. No deferred tax is provided on this amount as the distribution of these retained earnings is under the control of the Group and there is no intention to either repatriate from, or sell, the associated subsidiaries in the foreseeable future.

7 Earnings per ordinary share

The calculation of earnings per ordinary share is based on profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

In addition to the earnings per share required by IAS 33 *Earnings Per Share*, an adjusted earnings per share has also been calculated and is based on earnings excluding the effect of amortisation of acquisition intangibles, goodwill impairment and other Separately Disclosed Items. It has been calculated to allow shareholders a better understanding of the trading performance of the Group. Details of the adjusted earnings per share are set out below:

	2021 £m	2020 £m
Profit attributable to ordinary shareholders	288.1	247.3
Separately Disclosed Items after tax (note 3)	20.8	30.0
Adjusted earnings	308.9	277.3
Number of shares (millions)		
Basic weighted average number of ordinary shares	161.2	161.0
Potentially dilutive share awards	0.7	1.3
Diluted weighted average number of shares	161.9	162.3
Basic earnings per share	178.7p	153.6p
Potentially dilutive share awards	(0.8)p	(1.2)p
Diluted earnings per share	177.9p	152.4p
Adjusted basic earnings per share	191.6p	172.2p
Potentially dilutive share awards	(0.8)p	(1.3)p
Adjusted diluted earnings per share	190.8p	170.9p

Notes to the financial statements Continued

8 Property, plant and equipment

Accounting policy**Property, plant and equipment****Owned assets**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Leased assets

All leases where the Group is the lessee (with the exception of short-term and low-value leases) are recognised in the statement of financial position. A lease liability is recognised based on the present value of the future lease payments, and a corresponding right-of-use asset is recognised. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the asset. Lease payments are apportioned between finance charges and a reduction of the lease liability.

Low-value items, usually below £4,000, and short-term leases with a term of 12 months or less are not required to be recognised on the balance sheet and payments made in relation to these leases are recognised on a straight-line basis in the income statement. The Group leases various properties, principally offices and testing laboratories, which have varying terms and renewal rights that are typical to the territory in which they are located. Non-property includes all other leases, such as cars and printers. Normally the lease term is the contractual start to end date, except when a break or extension option are reasonably certain to be taken, which are considered on a lease-by-lease basis.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Leased assets are depreciated over the shorter of the expected lease term and their useful lives. Freehold land is not depreciated.

The estimated useful lives are as follows:

Freehold buildings	50 years
Leasehold buildings	Term of lease
Fixtures, fittings, plant and equipment	3 to 10 years

Depreciation methods, residual values and the useful lives of assets are reassessed at each reporting date.

Impairment**Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the level of any impairment.

Property, plant and equipment

The property, plant and equipment employed by the business is analysed below:

	Land and buildings £m	Fixtures, fittings, plant and equipment £m	Total £m
Cost			
At 1 January 2020	544.6	1,219.7	1,764.3
Exchange adjustments	3.1	(10.2)	(7.1)
Additions	47.2	64.6	111.8
Disposals	(81.3)	(97.9)	(179.2)
Businesses acquired (note 10)	-	-	-
At 31 December 2020	513.6	1,176.2	1,689.8
Depreciation			
At 1 January 2020	283.7	836.4	1,120.1
Exchange adjustments	(2.9)	(3.8)	(6.7)
Charge for the year	61.4	95.2	156.6
Disposals	(72.8)	(93.2)	(166.0)
At 31 December 2020	269.4	834.6	1,104.0
Net book value at 31 December 2020	244.2	341.6	585.8
Cost			
At 1 January 2021	513.6	1,176.2	1,689.8
Exchange adjustments	(9.3)	(31.3)	(40.6)
Additions	127.1	93.7	220.8
Disposals	(58.0)	(65.9)	(123.9)
Businesses acquired (note 10)	3.8	2.3	6.1
At 31 December 2021	577.2	1,175.0	1,752.2
Depreciation			
At 1 January 2021	269.4	834.6	1,104.0
Exchange adjustments	(2.1)	(25.8)	(27.9)
Charge for the year	61.4	89.2	150.6
Disposals	(51.8)	(64.5)	(116.3)
At 31 December 2021	276.9	833.5	1,110.4
Net book value at 31 December 2021	300.3	341.5	641.8

Notes to the financial statements Continued

8 Property, plant and equipment Continued

The net book value of the right-of-use asset for leases comprised:

	Land and buildings £m	Other £m	Total £m
At 1 January 2021	180.1	22.2	202.3
Cost movement in year	65.0	8.0	73.0
Depreciation movement in year	(4.8)	(3.7)	(8.5)
Net book value at 31 December 2021	240.3	26.5	266.8

Fixtures, fittings, plant and equipment include assets in the course of construction of £27.0m at 31 December 2021 (2020: £23.0m), mainly comprising laboratories under construction. These assets will not be depreciated until they are available for use.

The net book value of land and buildings comprised:

	2021 £m	2020 £m
Freehold	57.1	62.0
Leasehold	243.2	182.2
Total	300.3	244.2

Contracts for capital expenditure which are not provided in the financial statements amounted to £10.3m (2020: £12.0m).

We have specifically reviewed our portfolio of freehold properties (total 2021 net book value of £57.1m) to consider whether there are indications of material impairment arising from the potential physical risks arising from climate change. We have not impaired any assets this year as a result of this exercise.

9 Goodwill and other intangible assets

Accounting policy**Goodwill**

Goodwill arises on the acquisition of businesses. Goodwill represents the difference between the cost of acquisition and the Group's interest in the fair value of the identifiable assets and liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units ('CGUs') and is not amortised but is tested annually for impairment.

Acquisitions on or after 1 January 2010

From 1 January 2010, the Group has prospectively applied IFRS 3 *Business Combinations* (revised 2008). Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is obtained.

The Group measures goodwill as the fair value of the consideration transferred less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Costs relating to acquisitions are shown in note 3.

Any contingent consideration payable is recognised at fair value at the acquisition date with subsequent changes recognised in profit or loss.

If at the reporting date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. Adjustments to the fair values can be made within 12 months of the acquisition date and are taken as adjustments to goodwill.

Acquisitions between 1 January 2004 and 31 December 2009

For acquisitions between 1 January 2004 and 31 December 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

The Group has taken advantage of the exemption permitted by IFRS 1 *First-Time Adoption of International Financial Reporting Standards* and has not restated goodwill on acquisitions prior to 1 January 2004, the date of transition to IFRS. In respect of acquisitions prior to 1 January 2004, goodwill represents the amount recognised under the Group's previous accounting framework.

Other intangible assets

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If, based on management's judgement, such an asset is identified, then it is valued by discounting the probable future cash flows expected to be generated by the asset, over the estimated life of the asset. Where there is uncertainty over the amount of economic benefit and the useful life, this is factored into the calculation.

Notes to the financial statements Continued

9 Goodwill and other intangible assets Continued

Intangible assets arising on acquisitions and computer software are stated at cost less accumulated amortisation and accumulated impairment losses. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable, and which have finite useful lives.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Computer software	Up to 7 years
Customer relationships	Up to 20 years
Technology and know-how	Up to 15 years
Trade names	Up to 18 years
Licences	Contractual life
Covenants not to compete	Contractual life

Impairment

Goodwill is not subject to amortisation and is tested annually for impairment and when circumstances indicate that the carrying value may be impaired.

Other intangible assets are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried in the statement of financial position may be less than its recoverable amount.

Any impairment is recognised in the income statement within operating costs. Impairment is determined for goodwill by assessing the recoverable amount of each asset or group of assets, i.e. cash generating unit, to which the goodwill relates. A CGU represents an asset grouping at the lowest level for which there are separately identifiable cash flows.

The recoverable amount of an asset or a CGU is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The estimation process is complex due to the inherent risks and uncertainties and if different estimates were used this could materially change the projected value of the cash flows. An impairment loss in respect of goodwill is not reversed.

Intangibles

The intangibles employed by the business are analysed below:

	Other intangible assets					Total other intangible assets £m
	Goodwill £m	Customer relationships £m	Technology/ Know-how and trade names £m	Other acquisition intangibles £m	Computer software £m	
Re-presented*						
Cost						
At 1 January 2020	1,391.4	439.4	59.1	29.0	226.2	753.7
Exchange adjustments	(24.3)	(7.5)	(1.7)	(0.7)	(4.4)	(14.3)
Additions	0.4	-	-	-	25.5	25.5
Transfers	(4.4)	1.9	2.5	1.1	-	5.5
Disposal	(3.0)	-	-	-	(20.0)	(20.0)
Businesses acquired (note 10)	-	-	-	-	-	-
At 31 December 2020	1,360.1	433.8	59.9	29.4	227.3	750.4
Amortisation						
At 1 January 2020	531.6	296.0	9.4	23.6	122.3	451.3
Exchange adjustments	(7.4)	(4.1)	(0.4)	(0.4)	(1.2)	(6.1)
Charge for the year	-	19.8	6.4	1.9	17.4	45.5
Disposal	-	-	-	-	(20.0)	(20.0)
At 31 December 2020	524.2	311.7	15.4	25.1	118.5	470.7
Net book value at 31 December 2020	835.9	122.1	44.5	4.3	108.8	279.7

*Re-presented column order to show technology/know-how and trade names as a separate column and include licences within Other.

Notes to the financial statements Continued

9 Goodwill and other intangible assets Continued

	Other intangible assets					
	Goodwill £m	Customer relationships £m	Technology/ Know-how and trade names £m	Other acquisition intangibles £m	Computer software £m	Total other intangible assets £m
Cost						
At 1 January 2021	1,360.1	433.8	59.9	29.4	227.3	750.4
Exchange adjustments	(9.5)	(2.5)	(0.1)	(0.4)	(0.9)	(3.9)
Additions	-	-	-	-	19.4	19.4
Disposal	-	-	-	-	(5.8)	(5.8)
Businesses acquired (note 10)	413.3	65.0	37.6	0.2	5.7	108.5
At 31 December 2021	1,763.9	496.3	97.4	29.2	245.7	868.6
Amortisation						
At 1 January 2021	524.2	311.7	15.4	25.1	118.5	470.7
Exchange adjustments	(1.7)	(1.7)	0.2	(0.5)	(0.8)	(2.8)
Charge for the year	-	17.7	10.3	1.3	18.7	48.0
Disposal	-	-	-	-	(5.8)	(5.8)
At 31 December 2021	522.5	327.7	25.9	25.9	130.6	510.1
Net book value at 31 December 2021	1,241.4	168.6	71.5	3.3	115.1	358.5

Other intangible assets

Computer software additions of £19.4m (2020: £25.5m) relates to separately acquired computer software of £7.8m (2020: £13.7m) and internally developed intangible assets of £11.6m (2020: £11.8m).

The Other acquisition intangibles net book value of £3.3m (2020: £4.3m) consist of guaranteed income, order backlog, licences and covenants not to compete.

The average remaining amortisation period for customer relationships is eight years (2020: nine years).

Computer software net book value of £115.1m at 31 December 2021 (2020: £108.8m) includes software in construction of £59.3m (2020: £58.2m). Research and development expenditure of £27.1m (2020: £28.0m) was recognised as an expense in the year.

Goodwill

Goodwill arising from acquisitions in the current and prior year has been allocated to reportable segments as follows:

	2021 £m	2020 £m
Products	412.9	-
Trade	0.4	-
Resources	-	-
At 31 December	413.3	-

The total carrying amount of goodwill by CGU is as follows, which is also used for the assessment of the Group's impairment review.

	2021 pre-tax discount rate	2021 £m	2020 £m
Industry Services	10.4%	14.4	14.5
Business Assurance	8.5%	663.3	274.4
Food & AgriWorld	8.5%	39.0	17.1
Caleb Brett	8.8%	53.7	55.2
Government & Trade Services	8.6%	0.8	0.8
Minerals	10.1%	37.0	38.7
Softlines	8.4%	6.1	6.2
Hardlines	8.3%	7.8	8.1
Electrical & Connected World	8.4%	85.7	86.1
Transportation Technologies	8.5%	42.4	42.9
Building & Construction	8.6%	212.2	212.0
Chemicals & Pharma	8.1%	79.0	79.9
Net book value at 31 December*		1,241.4	835.9

* All goodwill is recorded in local currency. Additions during the year are converted at the exchange rate on the date of the transaction and the goodwill at the end of the year is stated at closing exchange rates.

Impairment review

In order to determine whether impairments are required, the Group estimates the recoverable amount of each CGU. The calculation is based on projecting future cash flows over a five-year period and using a terminal value to incorporate expectations of growth thereafter. The long-term growth rate is used in the perpetuity calculations. A discount factor is applied to obtain a value in use which is the recoverable amount. Goodwill arising in year from acquisitions is assessed for impairment separately from the above CGUs and on an acquisition-by-acquisition basis. There were no impairment triggers for SAI Global from the date of acquisition to the 31 December 2021. There would be no impact on the impairment review through the inclusion of SAI Global within the CGU review. No impairments were required on goodwill arising in 2021 (2020: No impairments).

Notes to the financial statements Continued

9 Goodwill and other intangible assets Continued

The calculation of the value in use includes assessment of long-term growth rates and discount rates. Long-term growth rates predict growth beyond the Group's planning cycle, and range from 1.7% to 2.6% (2020: 1.8% to 2.6%). The discount rate for each CGU is based on the Group's weighted average cost of capital adjusted for the risks specific to the CGU. Pre-tax discount rates ranged from 8.1% to 10.4% (2020: 7.7% to 12.3%).

Key assumptions

The key assumptions include the rate of revenue and profit growth within each of the territories and business lines in which the Group operates. These are based on the Group's approved budget and five-year strategic plan. Finally, the discount rate used to bring the cash flow back to a present value varies depending on the location of the operation and the nature of the operations. The estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Sensitivity analysis

None of the reasonable downside sensitivity scenarios on key assumptions would cause the carrying amount of each CGU to exceed its recoverable amount. The sensitivities modelled by management include:

- (i) Assuming revenues decline each year by 1% in 2022 to 2026 from the 2022 budgeted revenues, with margins increasing with base assumptions.
- (ii) Assuming zero growth in operating profit margins in 2022 to 2026 with revenues increasing per base assumptions.
- (iii) Assuming an increase in the discount rates used by 1%.

Management considers that the likelihood of any or all of the above scenarios occurring is low.

In preparing our forecasts, including the rate of revenue and profit growth, we have also considered the potential impact of climate change, and to reflect a severe impact of climate change transition risk through the modelling across all CGUs, we have modelled an additional sensitivity of discounted cash flows with a limited 25-year life, excluding any terminal value. In this scenario, which we also consider to be a low probability, there is no impairment.

10 Acquisitions

Acquisitions in 2021

On 7 September 2021 the Group acquired 100% of SAI Global Assurance ('SAI'), a leading provider of assurance services based predominantly in Australia, for a purchase price of AU\$868.9m (£450.1m net of cash acquired) generating goodwill of £388.4m. The Assurance division provides audit, inspection and certification services and is similar to our existing Business Assurance line. The Standards division aggregates and distributes standards via its online platform. The acquisition of SAI is in line with our 5x5 strategy, which aims to further strengthen our Total Quality Assurance value proposition and expand our presence in attractive markets with long-term growth opportunities. SAI will strengthen Intertek's assurance offering by providing enhanced scale, as well as complementary geographic coverage – SAI are a market leader in Australia, have scale presence in the US, Canada, and UK, and have a fast-growing business in China – as well as new assurance capabilities in a number of high-growth, safety-critical segments including food safety and QSR.

On 1 July 2021 the Group acquired the trade and assets of Apras Sicea France ('ASF'), a specialist in inspection and testing of petroleum, petrochemical and related products, for a purchase price of EURO.6m (£0.5m net of cash acquired) generating goodwill of £0.4m.

On 19 July 2021 the Group acquired 100% of JLA Brasil Laboratório de Análises de Alimentos S.A. ('JLA'), a market-leading independent provider of Food, Agri and Environmental testing solutions, for a purchase price of BRL218.3m (£30.4m net of cash acquired) generating goodwill of £24.5m.

Provisional details of the net assets acquired and fair value adjustments are set out in the following tables. These analyses are provisional and amendments may be made to these figures in the 12 months following the date of acquisition.

	2021
	Provisional fair value to Group on acquisition
	£m
SAI Global Standards and Assurance Total	
Property, plant and equipment	3.7
Goodwill	388.4
Other intangible assets	99.6
Trade and other receivables	54.6
Trade and other payables	(74.9)
Provisions for liabilities and charges	(0.1)
Deferred tax liabilities	(19.5)
Minority Interest acquired	(1.7)
Net assets acquired	450.1
	2021
	Provisional fair value to Group on acquisition
	£m
Others Total	
Property, plant and equipment	2.4
Goodwill	24.9
Other intangible assets	8.9
Inventories	0.1
Trade and other receivables	0.7
Trade and other payables	(3.1)
Deferred tax liabilities	(3.0)
Net assets acquired	30.9

Notes to the financial statements Continued

10 Acquisitions Continued

Goodwill and intangible assets

The total goodwill arising on acquisitions made during 2021 was £413.3m, of which £24.5m is expected to be deductible for tax purposes. The goodwill arising represents the value of the assembled workforce and the benefits the Group expects to gain from increasing its presence in the relevant sectors in which the acquired businesses operate. The intangible assets of £108.5m primarily represent the value of customer relationships, trade names and technology. The final values will be calculated within 12 months following the date of acquisition. The deferred tax thereon was £22.5m.

Consideration paid

The total cash consideration for the acquisitions in the year was £496.7m (2020: £nil), with further contingent consideration payable of £0.1m (2020: £nil) which is recognised in note 13. Cash consideration includes cash acquired of £15.8m. The estimated purchase price net of cash was £480.9m.

Contribution of acquisitions to revenue and profits

In total, acquisitions made during 2021 contributed revenues of £44.2m and a statutory net profit after tax of £2.4m from the date of acquisition to 31 December 2021. The Group revenue and statutory profit after tax for the year ended 31 December 2021 would have been £2,872.5m and £311.3m respectively if the acquisitions were assumed to have been made on 1 January 2021.

Acquisitions in 2020

There were no acquisitions completed in 2020.

11 Trade and other receivables

Accounting policy

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). Estimates are used in determining the level of receivables that will not, in the opinion of the Directors, be collected. The Group applies the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all receivables, including contract assets. The provision calculations are based on historic credit losses and forward-looking data, namely specific country-risk classifications with higher default rates applied to older balances. This approach is followed for all receivables unless there are specific circumstances, such as the bankruptcy of a customer or emerging market risks, which would render the receivable irrecoverable and therefore require a specific provision. A provision is made against trade receivables and contract assets until such time as the Group believes the amount to be irrecoverable, after which the trade receivable or contract assets balance is written off.

Trade and other receivables

Trade and other receivables are analysed below:

	2021 £m	2020 £m
Trade receivables	450.5	428.9
Contract assets	108.5	99.8
Other receivables	57.9	53.7
Prepayments	45.0	38.8
Total trade and other receivables	661.9	621.2

Trade receivables and contract assets are shown net of allowance for impairment losses of £13.8m (2020: £18.9m) and £1.6m (2020: £5.3m) respectively. Net impairment on trade receivables and contract assets charged as part of operating costs was £4.5m (2020: £1.7m) and £nil (2020: £1.7m) respectively.

There is no material difference between the above amounts for trade and other receivables and their fair value, due to their short-term duration. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers who are internationally dispersed.

The ageing of trade receivables and contract assets at the reporting date was as follows:

	2021 £m	2020 £m
Under 3 months	457.6	428.3
Between 3 and 6 months	46.6	51.3
Between 6 and 12 months	20.8	19.0
Over 12 months	49.4	54.3
Gross trade receivables and contract assets	574.4	552.9
Allowance for impairment	(15.4)	(24.2)
Trade receivables and contract assets, net of allowance	559.0	528.7

Included in trade receivables under three months of £384.6m (2020: £360.6m) are trade receivables of £340.7m (2020: £315.4m) that are not yet due for payment.

11 Trade and other receivables Continued

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2021 £m	2020 £m
Impairment allowance for doubtful trade receivables and contract assets		
At 1 January	24.2	26.5
Exchange differences	(0.6)	(1.4)
Acquisitions	2.1	-
Net impairment (gain)/loss recognised	(4.5)	3.3
Receivables written off	(5.8)	(4.2)
At 31 December	15.4	24.2

Sensitivity analysis

Trade receivables and contract assets are assessed for impairment using a calculated credit loss assumption. A 0.25% variance in the assumed credit risk factor would impact impairment by £1.9m. There were no material individual impairments of trade receivables or contract assets.

12 Trade and other payables

Accounting policy

Trade payables

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of trade payables is considered approximate to fair value.

Trade and other payables

Trade and other payables are analysed below:

	Current 2021 £m	Current 2020 £m	Non-current 2021 £m	Non-current 2020 £m
Trade payables	153.4	142.0	0.9	0.8
Other payables	83.4	82.9	15.5	17.5
Accruals	296.2	248.1	9.4	5.2
Contract liabilities	134.8	103.2	6.1	2.6
Total trade and other payables	667.8	576.2	31.9	26.1

The Group's exposure to liquidity risk related to trade payables is disclosed in note 14. £80.5m of contract liabilities at the end of 2020 was recognised in revenue in 2021 (2020: £61.0m).

Other payables include revenue taxes, interest payable and retirement liabilities.

Contract liabilities consist of consideration received in advance of the Group transferring the related good or service to the client.

In one part of the Group an arrangement is available that allows payment terms to suppliers to be extended by up to 60 days. At 31 December 2021, this arrangement was applicable to trade payables totalling £2.8m (2020: £2.5m).

Notes to the financial statements Continued

13 Provisions

Accounting policy

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation that can be estimated reliably as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions

	Contingent consideration £m	Claims £m	Other £m	Total £m
At 1 January 2021	19.7	3.0	13.5	36.2
Exchange adjustments	(0.3)	(0.2)	-	(0.5)
Provided in the year:	-	5.1	3.8	8.9
in respect of current year acquisitions	0.3	-	-	0.3
in respect of prior year acquisitions	-	-	-	-
Released during the year	(8.5)	(0.8)	(0.1)	(9.4)
Utilised during the year	(10.9)	(3.4)	(7.6)	(21.9)
Businesses acquired (note 10)	-	-	0.1	0.1
At 31 December 2021	0.3	3.7	9.7	13.7
Included in:				
Current liabilities	0.1	3.7	9.4	13.2
Non-current liabilities	0.2	-	0.3	0.5
At 31 December 2021	0.3	3.7	9.7	13.7

The maximum contingent consideration, on a discounted basis, that could be paid in relation to acquisitions is £21.1m. Further detail on the timing of the cash flow can be found in note 10. The contingent consideration is a financial liability held at fair value through profit and loss with the measurement basis disclosed in note 14.

The Group is involved in various claims and lawsuits incidental to the ordinary course of its business. The outcome of such litigation and the timing of any potential liability cannot be readily foreseen, as it is often subject to legal proceedings. Based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is unlikely to have a materially adverse effect on the financial position of the Group in the foreseeable future.

The provision for claims of £3.7m (2020: £3.0m) represents an estimate of the amounts payable in connection with identified claims from customers, former employees and other plaintiffs and associated legal costs. The timing of the cash outflow relating to the provisions is uncertain but is likely to be within one year. Details of contingent liabilities in respect of claims are set out in note 22.

The other provision of £9.7m (2020: £13.5m) includes integration provisions. The timing of the cash outflow is uncertain, but is likely to be within one year.

14 Borrowings and financial instruments

Accounting policy**Net financing costs**

Net financing costs comprise interest expense on borrowings; interest expense on tax balances; facility fees; interest receivable on funds invested; interest income and expense relating to pension assets and liabilities and lease interest expense under IFRS16; net foreign exchange gains or losses on financial assets or liabilities; unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration; and gains and losses on hedging instruments that are recognised in the income statement. Interest income and interest expense are recognised as they accrue using the effective interest rate method. As permitted by IAS 7, interest paid is classified within operating cash flows and interest received is classified within investing cash flows.

In 2021 the Group changed its accounting policy to include finance expenses on tax balances within interest expense. The impact of this change on the opening Balance Sheet and the prior year income statement is not material and no restatement has been made. The impact on net finance costs for the year ending 31 December 2021 is an increased expense of £4.2m with a corresponding increase in tax liabilities.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost less impairment losses (including bad debt provision).

Cash and cash equivalents and net debt

Cash and cash equivalents: Cash and cash equivalents on the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days which are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts. Net financial debt comprises borrowings less cash and cash equivalents and total net debt is net financial debt plus the IFRS 16 lease liability.

Non-derivative financial liabilities

Trade and other payables are recognised initially at fair value and subsequently at their amortised cost.

Interest-bearing borrowings are initially recognised at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Put options held by non-controlling interests that arise on acquisition are recognised initially at the present value of the redemption amount. They are subsequently measured at amortised cost using the effective interest method. The discount is unwound through SDIs as a finance charge.

Derivative financial instruments

The Group uses derivative financial instruments, including cross currency interest rate swaps and foreign currency forwards, to hedge economically its exposure to foreign exchange and interest rate risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised initially and subsequently at fair value; attributable transaction costs are recognised in profit or loss when incurred. The gain or loss on remeasurement to fair value at each period end is recognised immediately in the income statement except where derivatives qualify for hedge accounting.

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

The fair value of cross currency interest rate swaps is estimated using the present value of the estimated future cash flows based on observable yield curves.

The fair value of foreign currency forwards is estimated using present value of future cash flows based on the forward exchange rates at the balance sheet date.

Hedging***Hedge of monetary assets and liabilities***

Where a derivative financial instrument is used economically to hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement in the same caption as the foreign exchange on the related item.

Hedge of net investment in foreign operations

The Group is exposed to foreign exchange risk exposure arising from its net investment in foreign currency operations and net assets. To the extent that we have debt, we hold it in currencies that hedge the foreign exchange risks from our net investments.

The portion of the gain or loss on an instrument designated as a hedge of a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity in the translation reserve. The value in relation to the hedge instrument that is held within the cumulative foreign currency translation reserve is recycled through the income statement when the hedged subsidiary is disposed of. If the instrument is no longer deemed effective, then future movements in fair value are posted to the income statement.

Cash flow hedges

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk and foreign exchange risk to which the cash flows of certain assets and liabilities are exposed. The Group is exposed to the variability in cash flows arising from the foreign exchange risk exposures.

The effective portion of changes in the fair value of a derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income. The value in relation to the hedge instrument that is held within the cumulative cash flow hedge reserve (disclosed within other reserves) is recycled through the income statement when the hedged item impacts the income statement. If the instrument is no longer deemed effective, then future movements in fair value are posted to the income statement.

Interest Rate Benchmark Reform

LIBOR was discontinued as a published benchmark rate for some currencies as of 1 January 2022. The Group has reviewed and renegotiated significant borrowing and commercial contracts to replace LIBOR references with alternative benchmark rates, as needed. USD LIBOR will remain a reference rate for contracts that have a final fixing date in advance of USD LIBOR cessation on the 30th of June 2023.

Impairment

A financial asset is assessed for impairment at each reporting date by application of an expected loss model in line with IFRS 9 requirements.

Net financing costs

Net financing costs are shown below:

	2021 £m	2020 £m
Recognised in income statement		
Finance income		
Interest on bank balances	1.5	1.1
Total finance income	1.5	1.1
Finance expense		
Interest on borrowings	(17.7)	(20.6)
Net pension interest cost (note 16)	(0.1)	(0.2)
Foreign exchange differences on revaluation of net monetary assets and liabilities	2.3	(5.6)
Leases – IFRS 16	(9.0)	(8.3)
Facility fees and other*	3.2	(0.7)
Total finance expense*	(21.3)	(35.4)
Net financing costs*	(19.8)	(34.3)

* Includes £8.6m income (2020: £0.6m income) relating to SDIs.

Analysis of net debt

	2021 £m	2020 £m
Cash and cash equivalents per the statement of financial position	265.9	203.9
Overdrafts	(1.9)	(20.5)
Cash per the statement of cash flows	264.0	183.4

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

The components of net debt are outlined below:

	1 January 2021 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2021 £m
Cash	183.4	86.6	-	(6.0)	264.0
Borrowings:					
Revolving credit facility US\$850m 2027	(135.5)	61.5	-	8.1	(65.9)
Senior notes US\$15m 2021	(11.1)	10.9	-	0.2	-
Senior notes US\$140m 2022	(103.7)	-	-	(0.1)	(103.8)
Acquisition facility 'B' AU\$264.1m 2022	-	(142.0)	-	0.1	(141.9)
Acquisition facility 'B' US\$290.7m 2022	-	(210.9)	-	(4.6)	(215.5)
Senior notes US\$160m 2023	(118.5)	-	-	(0.1)	(118.6)
Acquisition facility 'A' AU\$88.0m 2023	-	(47.3)	-	-	(47.3)
Acquisition facility 'A' US\$96.9m 2023	-	(70.3)	-	(1.7)	(72.0)
Senior notes US\$1.25m 2024	(92.6)	-	-	(0.1)	(92.7)
Senior notes US\$1.20m 2025	(88.8)	-	-	-	(88.8)
Senior notes US\$75m 2026	(55.5)	-	-	-	(55.5)
Other*	2.4	(0.8)	3.1	-	4.7
Total borrowings	(603.3)	(398.9)	3.1	1.8	(997.3)
Total net financial debt	(419.9)	(312.3)	3.1	(4.2)	(733.3)
Lease liabilities (note 1)	(224.2)	70.4	(142.4)	3.9	(292.3)
Total net debt	(644.1)	(241.9)	(139.3)	(0.3)	(1,025.6)

* Includes other uncommitted borrowings of £0.8m and facility fees of £5.5m (2020: £2.4m).

	1 January 2020 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2020 £m
Cash	213.0	(21.7)	-	(7.9)	183.4
Borrowings:					
Revolving credit facility US\$800m 2021	(285.5)	285.5	-	-	-
Revolving credit facility US\$850m 2025	-	(130.3)	-	(5.2)	(135.5)
Senior notes US\$150m 2020	(114.7)	111.4	-	3.3	-
Senior notes US\$15m 2021	(11.5)	-	-	0.4	(11.1)
Senior notes US\$140m 2022	(107.0)	-	-	3.3	(103.7)
Senior notes US\$160m 2023	(30.6)	(89.8)	-	1.9	(118.5)
Senior notes US\$1.25m 2024	(95.6)	-	-	3.0	(92.6)
Senior notes US\$1.20m 2025	(30.6)	(59.8)	-	1.6	(88.8)
Senior notes US\$75m 2026	(57.4)	-	-	1.9	(55.5)
Other*	(109.5)	110.2	2.2	(0.5)	2.4
Total borrowings	(842.4)	227.2	2.2	9.7	(603.3)
Total net financial debt	(629.4)	205.5	2.2	1.8	(419.9)
Lease liabilities (note 1)	(246.0)	72.0	(50.9)	0.7	(224.2)
Total net debt	(875.4)	277.5	(48.7)	2.5	(644.1)

* Includes other uncommitted borrowings of £nil and facility fees of £2.4m (2019: £0.7m).

Borrowings

Borrowings are split into current and non-current as outlined below:

	Current 2021 £m	Current 2020 £m	Non-current 2021 £m	Non-current 2020 £m
Senior term loans and notes	461.2	11.1	540.8	594.6
Other borrowings	(1.1)	(0.6)	(3.6)	(1.8)
Total borrowings	460.1	10.5	537.2	592.8

	2021 £m	2020 £m
Analysis of debt		
Debt falling due:		
In one year or less	460.1	10.5
Between one and two years	236.4	103.0
Between two and five years	235.3	434.3
Over five years	65.5	55.5
Total borrowings	997.3	603.3

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

Description of borrowings

Total undrawn committed borrowing facilities as at 31 December 2021 were £564.2m (2020: £494.0m).

US\$850m revolving credit facility

The Group has a US\$850m multi-currency revolving credit facility, which is the Group's principal facility and in December 2021 was extended from 2026 to 2027. The impact of this was a transfer of £65.9m from borrowings due to be repaid between two and five years to borrowings due to be repaid over five years. Advances under the facility bear interest at a rate equal to a risk-free rate, or their local currency equivalent, plus a margin, depending on the Group's financial leverage. Drawings under this facility at 31 December 2021 were £65.9m (2020: £135.5m).

US\$692m Acquisition Facility

In May 2021 the Group agreed a US\$692m multi-currency acquisition facility to finance the acquisition of SAI Global with £357.4m to be repaid in March 2022 and the balance of £119.3m repayable in 2023. Advances under the facility bear interest at a rate equal to USD LIBOR or AUD BBSW, plus a margin. Drawings under this facility at 31 December 2021 were £476.7m (2020: Nil).

Private placement bonds

In December 2010 the Group issued US\$150m of senior notes repaid on 15 December 2020 at a fixed annual interest rate of 3.91%.

In October 2011 the Group issued US\$140m of senior notes repaid on 18 January 2022 at a fixed annual interest rate of 3.75% and US\$105m repayable on 18 January 2024 at a fixed annual interest rate of 3.85%.

In February 2013 the Group issued US\$80m of senior notes. These notes were issued in two tranches with US\$40m repayable on 14 February 2023 at a fixed annual interest rate of 3.10% and US\$40m repayable on 14 February 2025 at a fixed annual interest rate of 3.25%.

In July 2014 the Group issued US\$110m of senior notes. These notes were issued in four tranches with US\$15m repaid on 31 July 2021 at a fixed annual interest rate of 3.37%, US\$20m repayable on 31 July 2024 at a fixed annual interest rate of 3.86%, US\$60m repayable on 31 October 2026 at a fixed annual interest rate of 4.05% and US\$15m repayable on 31 December 2026 at a fixed annual interest rate of 4.10%.

In December 2020 the Group issued US\$200m of senior notes. These notes were issued in two tranches with US\$120m repayable on 2 December 2023 at a fixed annual interest rate of 1.97% and US\$80m repayable on 2 December 2025 at a fixed annual interest rate of 2.08%.

In December 2021 the Group issued US\$640m of senior notes that will be drawn during 2022. The note was issued in four tranches with US\$150m repayable on 13 January 2027 at a fixed annual interest rate of 2.24%, US\$165m repayable on 15 March 2028 at a fixed annual interest rate of 2.33%, US\$165m repayable on 15 March 2029 at a fixed annual interest rate of 2.47% and US\$160m repayable on 15 March 2030 at a fixed annual interest rate of 2.54%.

Lease liabilities

Undiscounted lease liabilities are split into current and non-current as outlined below:

	2021 £m	2020 £m
Analysis of lease liabilities falling due:		
Current:		
Repayable in less than 1 year	71.8	68.3
Non-current:		
Repayable in 1-2 years	56.6	49.7
Repayable in 2-5 years	98.2	80.6
Repayable in more than 5 years	150.5	93.5
Total lease liabilities	377.1	292.1

Financial risks

Details of the Group's treasury controls, exposures and the policies and processes for managing capital and credit, liquidity, interest rate and currency risk are set out below, and in the Strategic Report – Financial Review that starts on page 30.

Credit risk*Exposure to credit risk*

Credit risks arise mainly from the possibility that customers may not be able to settle their obligations as agreed. The Group monitors the creditworthiness of customers on an ongoing basis. The Group's credit risk is diversified due to the large number of entities, industries and regions that make up the Group's customer base.

The carrying amount of financial assets represents the maximum credit exposure. At the reporting date this was as follows:

	2021 £m	2020 £m
Trade receivables, net of allowance (note 11)	450.5	428.9
Cash and cash equivalents	264.0	183.4
Total	714.5	612.3

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	2021 £m	2020 £m
Asia Pacific	130.2	120.4
Americas	175.9	169.9
Europe, Middle East and Africa	144.4	138.6
Total	450.5	428.9

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

Counterparty risk

Cash and cash equivalents and available borrowing facilities are at risk in the event that the counterparty is not able to meet its obligations in regards to the cash held or facilities available to the Group. The Group also enters into transactions with counterparties in relation to derivative financial instruments. If the counterparty was not able to meet its obligations, the Group may be exposed to additional foreign currency or interest rate risk. Counterparty credit risk inherent in all hedge relationships is monitored throughout the period of the hedge but this risk is not expected to be significant.

The Group, wherever possible, enters into arrangements with counterparties who have a robust credit standing, which the Group defines as a financial institution with a credit rating of at least investment grade. The Group has existing relationships with a number of banks that meet this criterion, and seeks to use their services wherever possible while avoiding excessive concentration of credit risk. Given the diverse geographic nature of the Group's activities, it is not always possible to use a relationship bank. Therefore the Group has set limits on the level of deposits to be held at non-relationship banks to minimise the risk to the Group. It is also Group policy to remit any excess funds from local entities back to Intertek Group Treasury in the UK. Given the controls in place and based on a current assessment of our banking relationships, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as and when they fall due. The Group's policy is to:

- ensure sufficient liquidity is available to Group companies in the amounts, currencies and locations required to support the Group's operations; and
- ensure the Group has adequate available sources of funding to protect against unforeseen internal and external events.

To ensure this policy is met, the Group monitors cash balances daily, projects cash requirements on a rolling basis and funds itself using debt instruments with a range of maturities.

The following are the undiscounted contractual cash flows of financial liabilities/(assets) including interest (for floating rate instruments, interest payments are based on the interest rate at 31 December):

	Carrying amount £m	Contractual cash flows £m	Six months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than five years £m
2021							
Non-derivative financial liabilities/(assets)							
Senior term loans and notes	1,002.0	1,035.3	112.5	366.2	243.5	247.4	65.7
Other loans	(4.7)	0.8	-	0.8	-	-	-
Trade payables (note 12)	154.3	154.3	149.5	3.9	0.7	0.2	-
Lease liabilities	292.3	377.1	37.6	34.2	56.6	98.2	150.5
Contingent consideration (note 13)	0.3	0.3	-	0.1	-	0.2	-
	1,444.2	1,567.8	299.6	405.2	300.8	346.0	216.2
Derivative financial liabilities/(assets)							
Foreign currency forwards							
Outflow	-	928.3	928.3	-	-	-	-
Inflow	(0.8)	(929.1)	(929.1)	-	-	-	-
Cross currency interest rate swaps							
Outflow	-	-	-	-	-	-	-
Inflow	-	-	-	-	-	-	-
	(0.8)	(0.8)	(0.8)	-	-	-	-
Total	1,443.4	1,567.0	298.8	405.2	300.8	346.0	216.2

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

	Carrying amount £m	Contractual cash flows £m	Six months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than five years £m
2020							
Non-derivative financial liabilities/(assets)							
Senior term loans and notes	605.7	654.1	7.8	19.1	115.3	454.6	57.3
Other loans	(2.4)	0.1	-	0.1	-	-	-
Trade payables (note 12)	142.8	142.8	138.2	3.8	0.7	0.1	-
Lease liabilities	224.2	292.1	36.3	32.0	49.7	80.6	93.5
Contingent consideration (note 13)	19.7	20.9	12.5	-	-	8.4	-
	990.0	1,110.0	194.8	55.0	165.7	543.7	150.8
Derivative financial liabilities/(assets)							
Foreign currency forwards							
Outflow	-	538.8	538.8	-	-	-	-
Inflow	(0.9)	(539.7)	(539.7)	-	-	-	-
Cross currency interest rate swaps							
Outflow	-	-	-	-	-	-	-
Inflow	-	-	-	-	-	-	-
	(0.9)	(0.9)	(0.9)	-	-	-	-
Total	989.1	1,109.1	193.9	55.0	165.7	543.7	150.8

Interest rate risk

The Group's objective is to manage the risk to the business from movements in interest rates, and to provide stability and predictability of the near-term (12-month horizon) interest expense. Under the Group's treasury policy, management may fix the interest rates on up to 80% of the Group's debt portfolio for the period of the current financial year. The Group's debt portfolio beyond this period is to be managed within the range of a 20%-60% fixed-to-floating rate ratio. To achieve this, the Group uses bank debt facilities, US private placements and derivative products.

Sensitivity

At 31 December 2021, it is estimated that the impact on variable rate net debt of a general increase of 3% in interest rates would be a decrease in the Group's profit before tax of approximately £9.6m (2020: £10.6m). This analysis assumes all other variables remain constant.

Foreign currency risk

The Group's objective in managing foreign currency risk is to safeguard the Group's financial assets from economic loss due to fluctuations in foreign currencies, and to protect margins on cross currency contracts and operations. To achieve this, the Group's policy is to hedge its foreign currency exposures where appropriate.

The net assets of foreign subsidiaries represent a significant portion of the Group's shareholders' funds and a substantial percentage of the Group's revenue and operating costs are incurred in currencies other than sterling. Due to the high proportion of international activity, the Group's profit is exposed to exchange rate fluctuations. Two types of risk arise as a result: (i) translation risk, that is, the risk of adverse currency fluctuations in the translation of foreign currency operations and foreign assets and liabilities into sterling; and (ii) transaction risk, that is, the risk that currency fluctuations will have a negative effect on the value of the Group's commercial cash flows in various currencies.

The foreign currency profiles of cash, trade receivables and payables subject to translation risk and transaction risk, at the reporting date, were as follows:

	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Other currencies £m
2021						
Cash	264.0	10.7	79.3	54.9	(0.8)	119.9
Trade receivables (note 11)	450.5	34.4	209.5	40.1	6.9	159.6
Trade payables (note 12)	154.3	15.9	55.4	16.7	2.0	64.3
2020						
Cash	183.4	2.6	44.1	49.1	(1.3)	88.9
Trade receivables (note 11)	428.9	23.9	208.2	35.6	6.9	154.3
Trade payables (note 12)	142.8	13.4	56.8	14.1	1.9	56.6

Recognised assets and liabilities

Changes in the fair value of foreign currency forwards that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the income statement.

Cash flow hedge

The Group has AU\$264.1m drawn against the US\$692m Acquisition Facility, which will be repaid during March 2022.

A proportion of the Australian dollar debt was hedged using a 264m AUD/GBP currency forward contract, that will mature in March 2022, to eliminate changes in the cash flows of the Australian dollar principal repayment related to changes in foreign exchange rates.

In 2021 a £1.8m loss relating to the Australian dollar hedge was allocated to the cash flow hedge reserve.

Hedge of net investment in foreign operations

The Group's foreign currency denominated loans are designated as a hedge to protect the same amount of net investment in the Group's foreign currency operations and net assets, against adverse changes in exchange rates. The nominal amount of these loans as at 31 December 2021 was £845.1m (2020: £605.7m).

189.6m USD/GBP foreign currency forwards were designated as a hedge to protect the same amount of net investment in the Group's USD operations and net assets, against adverse changes in exchange rates.

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

A foreign exchange gain of £4.0m (2020: £3.7m foreign exchange gain) was recognised in the translation reserve in equity, reflecting the translation of the Group's foreign currency denominated loans to sterling and the impact of changes in fair value of the foreign currency forwards. The Group has the following hedging instruments:

	Other comprehensive income						
	Nominal amounts in local currency	Carrying value £m	1 January 2021 £m	Fair value gain/(loss) deferred to OCI £m	FX (gain)/ loss recycled to the income statement £m	Hedges closed in year £m	31 December 2021 £m
2021							
Cash flow hedges - foreign exchange and interest rate risk							
Foreign currency forward – continuing	AU\$264m	(1.8)	-	(1.8)	1.8	-	-
Hedges of net investment in a foreign operation - foreign exchange risk							
Foreign currency forward – continuing	US\$189.6m	3.0	-	3.0	-	-	3.0
Cross currency interest rate swaps – discontinued	-	-	(19.0)	-	-	-	(19.0)
Foreign currency borrowings – continuing	£845.1m	845.1	(50.4)	1.0	-	2.9	(46.5)
Foreign currency borrowings – discontinued	-	-	(173.2)	-	-	(2.9)	(176.1)
		846.3	(242.6)	2.2	1.8	-	(238.6)

The Group has entered into AU\$264m of foreign currency forwards which pay USD and receive AUD; maturing in March 2022. The foreign currency forwards are bifurcated into two relationships: 1) A cash flow hedge of AU\$264m versus GBP foreign currency risk in AUD denominated borrowings; and 2) A net investment hedge of USD versus GBP foreign currency risk in USD denominated net assets of the Group.

The weighted average exchange rates of the forwards are GBP/USD 1.3209 and GBP/AUD 1.8388

	Other comprehensive income						
	Nominal amounts in local currency	Carrying value £m	1 January 2020 £m	Fair value gain/(loss) deferred to OCI £m	FX (gain)/ loss recycled to the income statement £m	Hedges closed in year £m	31 December 2020 £m
2020							
Cash flow hedges - foreign exchange and interest rate risk							
Cross currency interest rate swaps – discontinued	-	-	(0.3)	(0.9)	1.2	-	-
Hedges of net investment in a foreign operation - foreign exchange risk							
Cross currency interest rate swaps – continuing	-	-	(13.8)	(5.2)	-	19.0	-
Cross currency interest rate swaps – discontinued	-	-	-	-	-	(19.0)	(19.0)
Foreign currency borrowings – continuing	£605.7m	605.7	(110.7)	8.9	-	51.4	(50.4)
Foreign currency borrowings – discontinued	-	-	(121.8)	-	-	(51.4)	(173.2)
		605.7	(246.6)	2.8	1.2	-	(242.6)

The foreign currency forwards are disclosed within other receivables in the statement of financial position.

The critical terms of the forward contracts and their corresponding hedged items are matched and the Group expects highly effective hedging relationships. Net ineffectiveness on the cash flow and net investment hedges recognised in the income statement was nil.

Hedge ineffectiveness may occur due to:

- the fair value of the hedging instrument on the hedge relationship designation date if the fair value is not nil;
- changes in the contractual terms or timing of the payments on the hedged item; and
- a change in the credit risk of the Group or the counterparty with the hedged instrument.

The hedge ratio for each designation will be established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for all of the Group's existing hedge relationships the hedge ratio has been determined as 1:1.

The carrying values of the hedging instruments; US\$620.0m senior notes, AUD88.0m and US\$387.6m acquisition facilities and RCF drawings EUR40.0m, CHF8.0m and AUD20.0m are included within long-term borrowings within the statement of financial position.

Fair value gains and losses on the hedging instruments designated in the cash flow and net investment hedges have been presented as 'fair value on cash flow hedges' and 'net exchange on hedges of net investments in foreign operations' respectively within the statement of other comprehensive income.

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

Foreign exchange loss of £1.8m recycled from the cash flow hedge reserve are presented in interest on borrowings within finance expenses in the income statement.

Sensitivity

It is estimated that an increase of 10% in the value of sterling against the US dollar and Chinese renminbi (the main currencies impacting the Group) would have decreased the Group's profit before tax for 2021 by approximately £24.7m (2020: £17.9m). This analysis assumes all other variables remain constant.

It is estimated that an increase of 10% in the value of sterling against the currencies of the hedging instruments would have increased OCI by approximately £89.7m (2020: £55.1m) which would be offset by the retranslation of the Group's investment in foreign operations in the same currencies. This analysis assumes all other variables remain constant.

Fair values

The table below provides a comparison of book values and corresponding fair values of all the Group's financial instruments by class.

	Book value 2021 £m	Fair value 2021 £m	Book value 2020 £m	Fair value 2020 £m
Financial assets				
Cash and cash equivalents	264.0	264.0	183.4	183.4
Trade receivables (note 11)	450.5	450.5	428.9	428.9
Foreign currency forwards*	0.8	0.8	0.9	0.9
Total financial assets	715.3	715.3	613.2	613.2
Financial liabilities				
Interest-bearing loans and borrowings	997.3	1,003.3	603.3	621.7
Trade payables (note 12)	154.3	154.3	142.8	142.8
Contingent consideration**	0.3	0.3	19.7	19.7
Total financial liabilities	1,151.9	1,157.9	765.8	784.2

* Foreign currency forwards are categorised as Level 2, under which the fair value is measured using inputs other than quoted prices observable for the liability, either directly or indirectly.

** Contingent consideration is categorised as Level 3 under which the fair value is measured using unobservable inputs - being the EBITDA performance of the acquired companies.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

15 Capital and reserves

Accounting policy**Dividends**

Interim dividends are recognised as a movement in equity when they are paid. Final dividends are reported as a movement in equity in the year in which they are approved by the shareholders.

Own shares held by the Employee Share Ownership Trust ('ESOT')

Transactions of the Group-sponsored ESOT are included in the Group financial statements. In particular, the Trust's purchases of shares in the Company are debited directly in equity to retained earnings.

Share capital

Group and Company	2021 number	2021 £m	2020 £m
Allotted, called up and fully paid:			
Ordinary shares of 1p each at start of year	161,393,127	1.6	1.6
Share awards	-	-	-
Ordinary shares of 1p each at end of year	161,393,127	1.6	1.6
Shares classified in shareholders' funds		1.6	1.6

The holders of ordinary shares are entitled to receive dividends and are entitled to vote at general meetings of the Company.

During the year, the Company issued nil (2020: nil) ordinary shares in respect of all share plans.

Purchase of own shares for trust

During the year ended 31 December 2021, the Company financed the purchase of 216,310 (2020: 225,165) of its own shares with an aggregate nominal value of £2,163 (2020: £2,252) for £11.4m (2020: 12.2m) which was charged to retained earnings in equity and was held by the ESOT. This trust is managed by an independent offshore trustee. During the year, 255,034 shares were utilised to satisfy the vesting of share awards (note 17). At 31 December 2021, the ESOT held 274,546 shares (2020: 313,270 shares) with an aggregate nominal value of £2,745 (2020: £3,133). The associated cash outflow of £11.4m (2020: £12.2m) has been presented as a financing cash flow.

Dividends	2021 £m	2021 Pence per share	2020 £m	2020 Pence per share
Amounts recognised as distributions to equity holders:				
Final dividend for the year ended 31 December 2019	-	-	115.3	71.6
Interim dividend for the year ended 31 December 2020	-	-	55.1	34.2
Final dividend for the year ended 31 December 2020	115.5	71.6	-	-
Interim dividend for the year ended 31 December 2021	55.1	34.2	-	-
Dividends paid	170.6	105.8	170.4	105.8

Notes to the financial statements Continued

15 Capital and reserves Continued

After the reporting date, the Directors proposed a final dividend of 71.6p per share in respect of the year ended 31 December 2021, which is expected to amount to £115.6m. This dividend is subject to approval by shareholders at the Annual General Meeting and therefore, in accordance with IAS 10 *Events After the Reporting Date*, it has not been included as a liability in these financial statements. If approved, the final dividend will be paid to shareholders on 17 June 2022.

Reserves

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as the translation of liabilities that hedge the Group's net investment in foreign operations.

Other

This reserve includes a merger difference that arose in 2002 on the conversion of share warrants into share capital, as well as the cash flow hedge reserve.

16 Employee benefits

Accounting policy

Pension schemes

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of material defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

In calculating the defined benefit surplus or deficit, the discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method.

The increase in the present value of the liabilities expected to arise from the employees' services in the accounting period is charged to the operating profit in the income statement. The expected return on the schemes' assets and the interest on the present value of the schemes' liabilities, during the accounting period, are shown as finance income and finance expense, respectively.

The Group operates a number of pension schemes throughout the world. In most locations, these are defined contribution arrangements. However, there are significant defined benefit schemes in the United Kingdom and Switzerland. The United Kingdom Scheme is funded, with assets held in separate trustee-administered funds and the Switzerland Scheme is an insured scheme. The scheme in the United Kingdom were closed to new entrants in 2002. Other funded defined benefit schemes are not considered to be material and are therefore accounted for as if they were defined contribution schemes.

In line with IAS 19 and IFRIC 14, if a scheme has a surplus this is recognised on the statement of financial position if the economic benefit is available to the Group as a result of the surplus. Economic benefit is defined as when an entity has an unconditional right to a refund from the scheme whilst the scheme is ongoing; or assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme/ died; or assuming the full settlement of the scheme's liabilities in a single event. In the event of a surplus, the relevant scheme rules will be reviewed in line with IFRIC 14 and a legal opinion obtained to identify if the surplus can be recognised by the Group.

The Group recognises all actuarial remeasurements in each year in equity through the consolidated statement of comprehensive income.

Total pension cost

The total pension cost included in operating profit for the Group was:

	2021 £m	2020 £m
Defined contribution schemes	(51.4)	(50.6)
Defined benefit schemes – current service cost and administration expenses	(2.4)	(2.2)
Pension cost included in operating profit (note 5)	(53.8)	(52.8)

The pension cost for the defined benefit schemes was assessed in accordance with the advice of qualified actuaries. The last full triennial actuarial valuation of The Intertek Pension Scheme in the United Kingdom ('United Kingdom Scheme') was carried out as at 31 March 2019, and for IAS 19 accounting purposes has been updated to 31 December 2021. The Switzerland Scheme was valued for IAS 19 purposes as at 31 December 2021. The average duration of the schemes are 20 years and 15 years for the United Kingdom and Switzerland schemes, respectively.

Defined benefit schemes

The cost of defined benefit schemes

The amounts recognised in the income statement were as follows:

	2021 £m	2020 £m
Current service cost	(2.0)	(1.8)
Scheme administration expenses	(0.4)	(0.4)
Net pension interest cost (note 14)	(0.1)	(0.2)
Total charge	(2.5)	(2.4)

The current service cost and scheme administration expenses are included in operating costs in the income statement and pension interest cost and interest income are included in net financing costs.

Notes to the financial statements Continued

16 Employee benefits Continued

Included in other comprehensive income:

	2021 £m	2020 £m
Remeasurements arising from:		
Demographic assumptions	(1.4)	4.1
Financial assumptions	8.1	(14.9)
Experience adjustment	(2.1)	0.9
Asset valuation	7.5	10.4
Other	(0.6)	0.3
Total	11.5	0.8

Company contributions

The Company assessed the triennial actuarial valuation for the United Kingdom Scheme and its impact on the scheme funding plan in 2021 and future years. In 2022 the Group expects to make normal contributions of £2.7m (2021: £1.3m) and has made a special contribution of £2.0m (2021: £2.0m). The next triennial valuation is due to take place as at 31 March 2022 and will include a review of the Company's future contribution requirements.

Pension asset/liability for defined benefit schemes

The amounts recognised in the statement of financial position for defined benefit schemes were as follows:

	United Kingdom Scheme		Total £m
	£m	£m	
31 December 2021			
Fair value of scheme assets	1370	18.4	155.4
Present value of funded defined benefit obligations	(131.6)	(22.4)	(154.0)
Surplus/(Deficit) in schemes	5.4	(4.0)	1.4

The fair value changes in the scheme assets are shown below:

	2021 £m	2020 £m
Fair value of scheme assets at 1 January	150.4	136.8
Interest income	1.8	2.4
Normal contributions by the employer	1.3	1.3
Special contributions by the employer	2.0	2.0
Contributions by scheme participants	0.6	0.5
Benefits paid	(7.2)	(3.8)
Effect of exchange rate changes on overseas schemes	(0.6)	1.1
Remeasurements	7.5	10.4
Scheme administration expenses	(0.4)	(0.4)
Contribution to fund scheme administration expenses	-	0.1
Fair value of scheme assets at 31 December	155.4	150.4

Asset allocation

Investment statements were provided by the Investment Managers which showed that, as at 31 December 2021, the invested assets of the United Kingdom Scheme totalled £137.0m (2020: £131.5m), broken down as follows.

Asset class	United Kingdom Scheme	
	2021 £m	2020 £m
Equities	72.1	83.8
Property	5.2	10.1
Liability-Driven Investment*	16.8	17.7
Corporate debt instruments	38.0	12.6
Cash	4.9	7.3
Total	137.0	131.5

* Investments are included at fair value. The pooled investment vehicles are held under a managed fund policy in the name of the Scheme. Pooled investment vehicles (including the LDI Fund) which are not traded on active markets, but where the investment manager has provided a monthly trading price, are valued using the last single price, provided by the investment manager at or before the year end. The LDI Fund provides the hedge against adverse movements in inflation and interest rates. It seeks to match the sensitivity of the Scheme's liability cash flow to changes in interest rates and inflation; it is invested in gilts, swaps, futures, repo contracts and money market instruments.

The United Kingdom Scheme had bank account assets of £1.2m as at 31 December 2021 (2020: £0.6m).

The United Kingdom Scheme invested assets comprising both quoted and unquoted assets. The value of quoted assets in 2021 was £17.3m (2020: £28.6m), included within equities in the above table, with the remaining assets being unquoted. The Switzerland Scheme is fully insured.

Notes to the financial statements Continued

16 Employee benefits Continued

Changes in the present value of the defined benefit obligations were as follows:

	2021 £m	2020 £m
Defined benefit obligations at 1 January	162.5	150.2
Current service cost	2.0	1.8
Interest cost	1.9	2.6
Contributions by scheme participants	0.2	0.2
Benefits paid	(7.2)	(3.8)
Effect of exchange rate changes on overseas schemes	(0.7)	1.3
Remeasurements	(4.7)	10.2
Defined benefit obligations at 31 December	154.0	162.5

Principal actuarial assumptions:

	United Kingdom Scheme		Switzerland Scheme	
	2021 %	2020 %	2021 %	2020 %
Discount rate	1.90	1.35	0.35	0.2
Inflation rate (based on CPI)	2.25	1.8	n/a	n/a
Rate of salary increases	-	-	1.0	1.0
Rate of pension increases:				
CPI subject to a maximum of 5% p.a.	2.25	1.9	n/a	n/a
Increases subject to a maximum of 2.5% p.a.	1.8	1.6	n/a	n/a

The Switzerland Scheme is an insured plan.

Life expectancy assumptions at year-end for:

	United Kingdom Scheme		Switzerland Scheme	
	2021	2020	2021	2020
Male aged 40	47.8	47.8	49.1	45.6
Male aged 65	21.8	21.8	22.6	22.7
Female aged 40	50.1	50.1	50.9	48.2
Female aged 65	23.9	23.9	24.4	24.5

The table above shows, for the United Kingdom Scheme, the number of years a male or female is expected to live, assuming they were aged either 40 (and lives to 65) or 65 at 31 December. The mortality tables adopted in 2021 for the United Kingdom Scheme are S3PA tables, based on the CMI 2019 mortality projection model with a 1.00% long-term annual rate for future improvements. In 2020 the S3PA tables were used, based on the CMI 2019 mortality projection model with a 1.00% long-term annual rate for future improvement. For the Switzerland Scheme, the mortality table adopted in 2021 is the BVG2020 and in 2020 is the BVG2015, an industry standard in Switzerland which is based on statistical evidence of major Switzerland pension funds.

Sensitivity analysis

The table below sets out the sensitivity on the United Kingdom pension assets and liabilities as at 31 December 2021 of the two main assumptions:

Change in assumptions	UK Scheme	
	Liabilities £m	Increase/ (decrease) in surplus/deficit £m
No change	131.6	-
0.25% rise in discount rate	126.2	(5.4)
0.25% fall in discount rate	137.1	5.5
0.25% rise in inflation	134.4	2.8
0.25% fall in inflation	128.8	(2.8)

The United Kingdom Scheme is also subject to the mortality assumption. If the mortality tables used are rated up/down one year, the value placed on the liabilities increases by £6.5m and decreases by £6.1m, respectively.

Funding arrangements**United Kingdom Scheme**

The Trustees use the Projected Unit Credit Method with a three-year control period. Currently the scheme members pay contributions at the rate of 8.5% of salary. The employer pays contributions of 16.4% of salary, plus £0.2m per year to fund scheme expenses and has made an additional contribution of £2.0m in 2021 to reduce the deficit disclosed by the 2019 valuation.

Notes to the financial statements Continued

16 Employee benefits Continued

Funding risks

The main risks for the schemes are:

Investment return risk:	If the assets underperform the returns assumed in setting the funding targets then additional contributions may be required at subsequent valuations.
Investment matching risk:	The schemes invest significantly in equities, whereas the funding targets are closely related to the returns on bonds. If equities fall in value relative to the matching asset of bonds, additional contributions may be required.
Longevity risk:	If future improvements in longevity exceed the assumptions made for scheme funding then additional contributions may be required.

Role of third parties

The United Kingdom Scheme is managed by Trustees on behalf of its members. The Trustees take advice from appropriate third parties including investment advisers, actuaries and lawyers as necessary.

17 Share schemes

Accounting policy

Share-based payment transactions

The share-based compensation plans operated by the Group allow employees to acquire shares of the Company. The fair value of the employee services, received in exchange for the grant of shares, is measured at the grant date and is recognised as an expense with a corresponding increase in equity. The charge is calculated using the Black Scholes method and expensed to the income statement over the vesting period of the relevant award. The charge for the Deferred Share Awards is adjusted to reflect expected and actual levels of vesting for service conditions. The expense of the LTIP Share Awards is calculated using the Monte Carlo method and the fair value adjusted for the probability of TSR performance conditions being achieved.

Share plans

2011 Long Term Incentive Plan

The Deferred Bonus Plan 2005 was replaced in 2011 with the Intertek 2011 Long Term Incentive Plan ('LTIP'). Deferred Share Awards (previously Share Awards) and LTIP Share Awards (previously Performance Awards) have been granted under this plan. The first awards were granted on 7 April 2006. The awards under these plans vest three years after grant date, subject to fulfilment of the performance conditions. The weighted average remaining contractual life of share options outstanding at the end of the period is one year.

2021 Long Term Incentive Plan

The Intertek 2021 Long Term Incentive Plan ('2021 Plan') was approved at the 2020 Annual General meeting as the Intertek 2011 Long Term Incentive Plan was approaching the end of its 10-year life cycle. The 2021 Plan is broadly similar to the previous Long Term Incentive Plan, but with amendments to take account of developments in market practice. The awards made in 2021 were made under the 2021 plan with the first awards made on 12 March 2021. The awards under these plans vest three years after grant date, subject to fulfilment of the non-market based performance conditions.

Outstanding awards	2021			2020		
	Deferred Share Awards	LTIP Share Awards	Total awards	Deferred Share Awards	LTIP Share Awards	Total awards
At beginning of year	784,932	889,937	1,674,869	812,317	927,395	1,739,712
Granted*	200,550	325,562	526,112	278,996	315,054	594,050
Vested**	(246,474)	(103,321)	(349,795)	(244,837)	(258,438)	(503,275)
Forfeited	(76,302)	(320,336)	(396,638)	(61,544)	(94,074)	(155,618)
At end of year	662,706	791,842	1,454,548	784,932	889,937	1,674,869

* Includes 11,298 Deferred Share Awards (2020: 12,570) and 16,232 LTIP Share Awards (2020: 12,239) granted in respect of dividend accruals.

** Of the 349,795 awards vested in 2021, nil were satisfied by the issue of shares and 230,734 by the transfer of shares from the ESOT (see note 15). The balance of 119,061 awards represented a tax liability of £6.3m (2020: £8.0m) which was settled in cash on behalf of employees by the Group, of which £5.5m was settled by the Company.

Buyout Awards

On 1 April 2021, Jonathan Timmis was granted conditional rights to acquire 39,000 shares under a one-off arrangement as a condition of his recruitment as CFO of the Company, granted under the Long Term Incentive Plan 2021. The award comprised three parts of 13,000 shares, vesting on 1 April 2022, 1 April 2023 and 1 April 2024. Further details are shown in the Remuneration report on pages 136 to 163.

Deferred Share Plan

Awards may be granted under the Deferred Share Plan ('DSP') to employees of the Group (other than the Executive Directors of the Company) selected by the Remuneration Committee over existing, issued ordinary shares of the Company only. The DSP was adopted primarily to allow for the deferral of a proportion of selected employees annual bonus into shares in the Company but may also be used for the grant of other awards (such as incentive awards and buyout awards for key employees) in circumstances that the Remuneration Committee deems appropriate. Awards will normally have a three-year vesting period. Awards may be made subject to performance conditions and are subject to normal good and bad leaver provisions and malus and clawback.

Outstanding awards	2021		2020	
	Deferred Share Awards	Total awards	Deferred Share Awards	Total awards
At beginning of year	45,881	45,881	68,560	68,560
Granted*	33,641	33,641	21,762	21,762
Vested**	(31,308)	(31,308)	(36,574)	(36,574)
Forfeited	(10,846)	(10,846)	(7,867)	(7,867)
At end of year	37,368	37,368	45,881	45,881

* Includes 1,180 Deferred Share Awards (2020: 1,062) granted in respect of dividend accruals.

** Of the 31,308 awards vested in 2021, 24,300 were satisfied by the transfer of shares from the ESOT (see note 15). The balance of 7,008 awards represented a tax liability of £0.4m which was settled in cash on behalf of employees by the Group, of which £0.3m was settled by the Company.

Notes to the financial statements Continued

17 Share schemes Continued

Equity-settled transactions

During the year ended 31 December 2021, the Group recognised an expense of £18.6m (2020: £17.7m). The fair values and the assumptions used in their calculations are set out below:

	2021 Awards		
	Deferred Share Awards	Share Awards	LTIP Share Awards
Fair value at measurement date (pence)	5,345	4,791	4,855
Share price (pence)	5,345	4,791	4,855
Expected volatility	n/a	n/a	25.2%
Risk-free interest rate	n/a	n/a	0.35%
Time to maturity (years)	1-3	3	3

	2020 Awards		
	Deferred Share Awards	Share Awards	LTIP Share Awards
Fair value at measurement date (pence)	5,429	4,814	4,793
Share price (pence)	5,429	4,814	4,793
Expected volatility	n/a	n/a	24.0%
Risk-free interest rate	n/a	n/a	0.02%
Time to maturity (years)	1-3	3	3

The expected volatility is based on the historical volatility, adjusted for any expected changes to future volatility due to publicly available information.

The weighted-average exercise prices of all share awards in the year are £nil (2020: £nil).

All Share Awards are granted under a service condition. Such condition is not taken into account in the fair value measurement at grant date. The LTIP Share Awards (TSR element) are granted under a performance-related market condition and as a result this condition is taken into account in the fair value measurement at grant date. From 2020 the LTIP Share Awards are granted under performance-related non-market conditions only.

18 Subsequent events

On 13 January 2022 a US\$150m senior note was drawn following the issuance of US\$640m of private placement bonds in December 2021.

On 24 February 2022 the Group gave notice to prepay US\$482.2m of the US\$692m Acquisition Facility on 1 March 2022, utilising funds to be drawn from the USPP notes issued in December 2021.

19 Capital management

The Directors determine the appropriate capital structure of Intertek; specifically how much capital is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities. These activities include ongoing operations as well as acquisitions as described in note 10.

The Group's policy is to maintain a robust capital base (including cash and debt) to ensure the market and key stakeholders retain confidence in the capital profile. Debt capital is monitored by Group Treasury assessing the liquidity buffer on a short- and longer-term basis as discussed in note 14. Financial net debt has increased from £419.9m at 31 December 2020 to £733.3m at 31 December 2021, primarily reflecting the acquisition of SAI Global. The Group has a strong balance sheet with financial net debt to EBITDA of 1.1x.

During 2021, the Group has continued the working capital focus and through disciplined performance management, working capital has reduced by £39.3m to negative £43.3m. Working capital is defined on page 175.

The Group uses key performance indicators, including return on invested capital ('ROIC') and adjusted diluted earnings per share to monitor the capital position of the Group to ensure it is being utilised effectively. The rate of ROIC, defined as adjusted operating profit less adjusted taxes divided by invested capital, measures how effectively the Group generates profit from its invested capital. This is a key measure to assess the efficiency of investment decisions and is also an important criterion in the decision-making process. ROIC in 2021 was 18.2% (2020: 21.6%). Adjusted diluted earnings per share is a key measure of value creation for the Board and for shareholders and in 2021 was 190.8p (2020: 170.9p).

The dividend policy also forms part of the Board's capital management policy, and the Board ensures there is appropriate earnings cover for the dividend proposed at both the interim and year end. Our dividend policy aims to deliver sustainable dividend growth over time, based on a target dividend payout ratio of c.50%. Reflecting the Group's strong cash generation in 2021 and reduced leverage, the recommended final dividend is 71.6p bringing the full-year dividend to 105.8p, which is in line with 2020, and the dividend payout ratio to 55%.

Notes to the financial statements Continued

20 Non-controlling interest

Accounting policy

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions.

Non-controlling interest

An analysis of the movement in non-controlling interest is shown below:

	2021 £m	2020 £m
At 1 January	28.0	29.4
Exchange adjustments	1.0	(0.3)
Share of profit for the year	18.6	15.3
Adjustment arising from changes in non-controlling interest	1.7	2.2
Dividends paid to non-controlling interest	(17.0)	(18.6)
At 31 December	32.3	28.0

21 Related parties

Identity of related parties

The Group has a related party relationship with its key management. Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

Transactions with key management personnel

Key management personnel compensation, including the Group's Directors, is shown in the table below:

	2021 £m	2020 £m
Short-term benefits	9.7	11.6
Post-employment benefits	0.8	0.8
Equity-settled transactions	7.7	10.4
Total	18.2	22.8

More detailed information concerning Directors' remuneration, shareholdings, pension entitlements and other long-term incentive plans is shown in the audited part of the Remuneration report. Apart from the above, no member of key management had a personal interest in any business transactions of the Group.

22 Contingent liabilities

	2021 £m	2020 £m
Guarantees, letters of credit and performance bonds	28.7	26.0

Litigation

The Group is involved in various claims and lawsuits incidental to the ordinary course of its business, including claims for damages, negligence and commercial disputes regarding inspection and testing, and disputes with employees and former employees. The Group is not currently party to any legal proceedings other than ordinary litigation incidental to the conduct of business. These claims are not currently expected to result in meaningful costs and liabilities to the Group. The Group maintains appropriate insurance cover to provide protection from the small number of significant claims it is subject to from time to time.

Tax

The Group operates in more than 100 countries and with complex tax laws and regulations. At any point in time it is normal for there to be a number of open years which may be subject to enquiry by local authorities. In some jurisdictions the Group receives tax incentives (see note 6) which are subject to renewal and review and reduce the amount of tax payable. Where the effect of the laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid. The Group considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve.

At 31 December 2020, the Group disclosed a contingent liability of £16.3m in respect of EU State Aid. In April 2021, the European Commission issued its decision in a state aid investigation into the Group Financing Exemption in the UK controlled foreign company ('CFC') rules. The European Commission found that part of the Financing Exemption constitutes state aid. HMRC has concluded that Intertek did not benefit from unlawful state aid as a result of its Group Financing Exemption claims. This matter is now regarded as closed and as a result there is no longer an associated contingent liability in this regard.

Notes to the financial statements Continued

23 Principal Group companies

The principal subsidiaries whose results or financial position, in the opinion of the Directors, principally affect the figures of the Group have been shown below. All the subsidiaries shown were consolidated with Intertek Group plc as at 31 December 2021. Unless otherwise stated, these entities are wholly owned subsidiaries and the address of the registered office is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, United Kingdom.

Company name	Country of Incorporation and principal place of operation	Activity
Intertek Finance plc	England	Finance
Intertek Holdings Limited ⁽ⁱ⁾	England	Holding
Intertek Technical Services, Inc. ⁽ⁱⁱ⁾	USA	Trading
Intertek Testing Services Holdings Limited ⁽ⁱ⁾	England	Holding
Intertek Testing Services Hong Kong Limited ⁽ⁱⁱⁱ⁾	Hong Kong	Trading
Intertek Testing Services Limited Shanghai ^(iv)	China	Trading
Intertek Testing Services NA, Inc. ^(v)	USA	Trading
Intertek Testing Services Shenzhen Limited ^(vi)	China	Trading
Intertek USA, Inc. ^(vii)	USA	Trading
Intertek USD Finance Limited	England	Finance
Labtest Hong Kong Limited ^(viii)	Hong Kong	Trading
RCG-Moody International Limited	England	Holding
Testing Holdings USA, Inc. ^(ix)	USA	Holding

(i) Directly owned by Intertek Group plc.

(ii) Registered office address is: 25025 I-45, Suite 300, Spring, TX 77380, United States.

(iii) Registered office address is: 2/F Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.

(iv) Equity shareholding 85%, company controlled by the Group based on management's assessment; Registered office address is: 2nd Floor, West District, Free Trade Test Zone, Zhangyang Road, Shanghai, China.

(v) Registered office address is: 3933 US Route 11, Cortland, NY 13045, United States.

(vi) Registered office address is: 3-5/F of Bldg. 1, 1-5/F of Bldg. 3, No. 4012, Wuhe Ave. North, Bantian Street, Yuanzheng Science and Technology Industrial Park, Shenzhen, Guangdong, China.

(vii) Registered office address is: 200 Westlake Park Blvd., Westlake Building 4, Suite 400, Houston, TX 77079, United States.

(viii) Registered office address is: 2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.

(ix) Registered office address: 544 Bickley Road, Maddington WA 6109, Australia.

Group companies

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings is set out below. Related undertakings comprise subsidiaries, partnerships, associates, joint ventures and joint arrangements. The principal subsidiaries listed above have not been duplicated in the list below.

Where no address is listed, the address of the registered office is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, United Kingdom. Unless otherwise stated, the share capital for all related undertakings included in this note comprises ordinary or common stock shares which are indirectly held by Intertek Group plc as at 31 December 2021. The percentage held by class of share is stated where this is less than 100%. No subsidiary undertakings have been excluded from the consolidation.

Fully owned subsidiaries

0949491 B.C. Limited

1200-925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada

4th Strand, LLC ^{(i) (kv)}

1950 Evergreen Boulevard, Suite 100, Duluth, GA 30096, United States

Acucert Labs, LLP ^(kv)

82/2, Shreyas, 25th Road, Sion West, Mumbai, 400022, India

Acumen Security, LLC

2400 Research Blvd, Suite 395, Rockville, MD 20850, United States

Adelaide Inspection Services Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

Admon Labs Servicios Corporativos y Administrativos, S.A. de C.V.

Boulevard Adolfo Lopez Mateos #2259, Atlamaya, Alvaro Obregon, Ciudad de Mexico, C.P. 01760, Mexico

Advancing Food Safety Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

Ageus Solutions Inc.

255 Michael Cowpland Dr., Suite 200, Ottawa, Ontario, K2M 0M5, Canada

Alchemy Investment Holdings, Inc.

5300 Riata Park Court, Austin, TX 78727, United States

Alchemy Systems, L.P. ^(kv)

5301 Riata Park Court, Austin, TX 78727, United States

Alchemy Systems Training, Inc.

5300 Riata Park Court, Austin, TX 78727, United States

Alchemy Systems Training Limited

Alchemy Training Technologies, Inc.

1 Germain Street, Suite 1500, Saint John, NB E2L 4V1, Canada

Aldo Abela Surveys Limited

98 Triq Patri Magri, Marsa, MRS 2200, Malta

Alta Analytical Laboratory, Inc. ⁽ⁱ⁾

200 Westlake Park Blvd., Westlake Building 4, Suite 400, Houston, TX 77079, United States

Amtac Certification Services Limited ⁽ⁱⁱ⁾

CVR Global LLP, Town Wall House, Balcerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Angus Management, LLC ^(kv)

5300 Riata Park Court, Austin, TX 78727, United States

Anstat Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

Architectural Testing, Inc.

130, Derry Court, York, PA 17406, United States

Architectural Testing Holdings, Inc.

130 Derry Court, York, PA 17406, United States

Bellini & Sandrini Holding LTDA

Rua Carlos Tosin, 860, sala 1, Distrito Industrial, Distrito Industrial, Estado de São Paulo, Brazil

Bigart Ecosystems, LLC ^(kv)

212 S. Wallace Avenue Bozeman, MT 59715, United States

Caleb Brett Ecuador S.A.

Centro Commercial Mall del Sol, Av. Joaquín Orrantia González y Juan Tanca Marengo, Torre B, Piso 5, Oficina 505, Guayaquil, Ecuador

Notes to the financial statements Continued

Cantox U.S. Inc.

100 Davidson Avenue, Suite #102, Somerset, NJ 08873, United States

Capcis Limited ⁽ⁱⁱⁱ⁾

CVR Global LLP, Town Wall House, Balcerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Catalyst Awareness, Inc. ⁽ⁱⁱⁱ⁾

43 Carolinian Lane, Cambridge, ON N1S 5B5, Canada

Center for the Evaluation of Clean Energy Technology, Inc.

3933 US Route 11, Cortland, NY 13045, United States

Check Safety First Limited**Checkpoint Solutions Ltd****Cistera Limited** ⁽ⁱ⁾

C/O RobSec Limited, 5705, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong

Cristal International Care Limited ⁽ⁱⁱⁱ⁾

CVR Global LLP, Town Wall, House, Balcerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Cristal International Limited ^{(viii) (ii)}

CVR Global LLP, Town Wall, House, Balcerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Cristal Middle East SAE

22 El-Imam Ali, Almazah, Heliopolis, Cairo Governorate, Egypt

Cristal North Africa CNA

Immeuble, SOGIT Faisant angle de la rue, lac victoria, et rue du des lacs de mazurie, les berges du lac, 1053 Tunis Le bureau, B5 situé, au 2ème étage, Tunis, Tunisia

Cristal World Wide Limited ⁽ⁱⁱ⁾

CVR Global LLP, Town Wall, House, Balcerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Ecristal Europe Limited ⁽ⁱⁱ⁾

CVR Global LLP, Town Wall, House, Balcerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Ecristal Limited ⁽ⁱ⁾**Electrical Mechanical Instrument Services (UK) Limited** ⁽ⁱⁱ⁾

Unit 19 & 20 Wellheads Industrial Centre, Dyce, Aberdeen, AB21 7GA, United Kingdom

Electronic Warfare Associates-Canada, Ltd ⁽ⁱⁱⁱ⁾

1223 Michael Street North, Suite 200, Ottawa, ON K1J 7T2, Canada

Eneritech Australia Pty. Limited

544 Bickley Road, Maddington WA 6109, Australia

Entela-Taiwan, Inc

4700 Broadmoor Avenue SE, Suite 200, Kentwood, MI 49512, United States

Esperanza Guernsey Holdings Limited

PO Box 472, St Julian's Court, St Julian's Avenue, St Peter Port, GY1 6AX, Guernsey

Esperanza International Services (Southern Africa) (Pty.) Limited

Charter House, 13 Brand Road, Glenwood, Durban, South Africa

Excel Partnership, Inc.

250 S. Wacker Drive, Suite 1800, Chicago, IL 60606, United States

Fivetix Professional Services Private Limited

F-Wing, I Floor, Tex Centre, 26-A Chandiwali Farm Road, Andheri (East) Mumbai Mumbai City MH 400072, India

Four Front Research (India) Pvt Limited ⁽ⁱⁱ⁾

Plot# 847, 5th Floor, Near Electricity Substation, Ayyappa Society Road, Madhapur, Hyderabad, Telangana, 500081, India

Frameworks Inc.

1595 Sixteenth Avenue, Suite 301, Richmond Hill, ON L4B 3N9, Canada

Gamatek, S.A. de C.V.

Alanis Valdez #2308, Industrial, Monterrey, Nuevo Leon, Mexico

GCA Calidad y Analisis de Mexico, S.A. de C.V.

Jacarandas #19, San Clemente, Alvaro Obregon, Ciudad de Mexico, C.P. 01740, Mexico

Gellatly Hankey Marine Services (M) Sdn. Bhd.

Unit 30-01 Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

Genalysis Laboratory Services Pty Limited ^(vi)

544 Bickley Road, Maddington WA 6109, Australia

Geotechnical Services Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

Global Trust Certification (UK) Limited**Global X-Ray & Testing Corporation**

112 East Service Road, Morgan City, LA 70380, United States

Global X-Ray Holdings, Inc. ^(ix)

112 East Service Road, Morgan City, LA 70380, United States

H.P. White Laboratory Inc.

3114 Scarboro Road, Street, MD 21154, United States

Hawks Acquisition Holding, Inc.

545 E. Algonquin Road, Arlington Heights, Illinois 60005, United States

Hi-Tech Holdings, Inc.

CT Corporation System, 1200 S.Pine Island Road, Plantation, FL 33324, United States

Hi-Tech Testing Service, Inc.

CT Corporation System, 1999 Bryan Street Suite 900, Dallas, TX 75201, United States

ILI Infodisk, Incorporated.

205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

ILI Limited**Inspection Services (US), LLC**

237 Stuart Road, Amelia, LA 70340, United States

International Cargo Services, Inc. ⁽ⁱ⁾

c/o CT Corp, 8550 United Plaza Blvd, Baton Rouge, LA 70809, United States

International Inspection Services Limited

33/37 Athol Street, Douglas, IM1 1LB, Isle of Man

Intertek (Mauritius) Limited

2 Palmerston Road, Phoenix, Mauritius

Intertek (Schweiz) AG

TechCenter, Kaegenstrasse 18, 4153 Reinach, Switzerland

Intertek Algeria Ltd EURL

Zone urbaine Garidi 1, N°C7/C8, Bâtiment F1, 1er étage Local N°1 , 16051, Kouba, Wilaya d'Alger, Algeria

Intertek Argentina Certificaciones S.A. ⁽ⁱⁱⁱ⁾

Cerrito 1136 3rd floor CF, Ciudad Autónoma de Buenos Aires, C1010AAX, Argentina

Intertek Aruba N.V.

Lago Heights Straat 28A, San Nicolas, Aruba

Notes to the financial statements Continued

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Intertek Australia Holdings Pty Limited

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Intertek Azeri Limited

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Intertek BA EOOD

24A Akad. Metodi Popov Str., Floor 5, Sofia, 1113, Bulgaria

Intertek Bangladesh Limited

Phoenix Tower, Plot-407 (3rd Floor), Tejgaon I/A, Dhaka, Bangladesh

Intertek Belgium NV

Kruisschansweg 11, 2040 Antwerp, Belgium

Intertek Burkina Faso Ltd Sarl ⁽ⁱ⁾

Ouagadougou, Secteur 13, Parcelle 21, Lot 11 Section EO Arrondissement de Nongr'Masson, Ouagadougou, 11 GP 1429, Burkina Faso

Intertek C&T Australia Holdings PTY Ltd ⁽ⁱ⁾

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Intertek C&T Australia Pty Ltd ⁽ⁱ⁾

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Intertek Caleb Brett (Uruguay) S.A. ^(xiv)

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Intertek Caleb Brett El Salvador S.A. de C.V.

Recinto Industrial de RASA zona industrial de Acajutla, Sonsonate, El Salvador

Intertek Caleb Brett Germany GmbH

Georgswerder Bogen 3, D-21109 Hamburg, Germany

Intertek Caleb Brett Panama, Inc.

Zona Procesadora para la Exportacion de Albrook, Building 6, Ancon Panama, Panama

Intertek Caleb Brett Venezuela C.A.

2a AV El Mirador Edif. Saragon Palace Piso, PH-602/603 La Campina, Caracas, 1050, Venezuela

Intertek Canada Newco Limited

1829-32nd Avenue, Lachine, QC H8T 3J1, Canada

Intertek Capacitacion Chile Spa

Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

Intertek Capital Resources Limited**Intertek Certification AB**

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Intertek Certification AS

Leif Weldings vei 8, 3208 Sandefjord, Norway

Intertek Certification France SAS

67 Boulevard Bessières, 75017, Paris, France

Intertek Certification GmbH

Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany

Intertek Certification Japan Limited

Nihonbashi N Bldg, 1-4-2, Nihonbashi – Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan

Intertek Certification Limited**Intertek Colombia S.A.**

Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia

Intertek Commodities Mozambique Lda ^(xvi)

Rua 1233, NR 72 R/C, Distrito Urbano 1, Maputo, Mozambique

Intertek Consulting & Training (UK) Limited

Northpoint Aberdeen Science & Energy Park, Exploration Drive, Bridge of Don, Aberdeen, AB23 8HZ, United Kingdom

Intertek Consulting & Training (USA), Inc.

25025 I-45, Suite 300, Spring, TX 77380, United States

Intertek Consulting & Training Colombia Limitada

Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia

Intertek Consulting & Training Egypt ⁽ⁱⁱ⁾

46 B Street #7, Maadi, Cairo, Egypt

Intertek Consumer Goods GmbH

Würzburger Strasse 152, 90766 Fürth, Germany

Intertek Curacao N.V.

Barendslaan #3, Rio Canario Willemstad, Curacao, Netherlands Antilles

Intertek de Guatemala SA

46 Calle 21-53 Zona 12, Expobodega 46, Edificio 10, Guatemala Ciudad, Guatemala

Intertek de Nicaragua S.A.

Zona Franca Astro KM 47, Carretera Tipitapa Masaya, Nave 20, Managua, Nicaragua

Intertek Denmark A/S

Dokhavnsvej 3, 4400 Kalundborg, Denmark

Intertek Deutschland GmbH

Stangenstrasse 1, 70771 Leinfelden-Echterdingen, Germany

Intertek DIC A/S

Buen 12, 2, 6000 Kolding, Denmark

Intertek do Brasil Inspecoes Ltda

Av Eng. Augusto Barata s/n, Alamoia, Santos, SP, CEP11095-650, Brazil

Intertek Egypt for Testing Services

2nd Floor, Block 13001, Piece 15, Street 13, First Industrial Zone, (Beside Abou Ghali Motors), Elobour City, Cairo, Egypt

Intertek Evaluate AB

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Intertek Finance No. 2 Ltd ^(x)**Intertek Finland OY**

Teknoblevardi 3-5, FI-01530 Vantaa, Finland

Intertek Fisheries Certification Limited ⁽ⁱⁱ⁾

CVR Global LLP, Town Wall House, Balmerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Intertek Food Services GmbH

Olof-Palme-Strasse 8, 28719 Bremen, Germany

Notes to the financial statements Continued

Intertek France SAS

ZAC Ecopark 2, 27400, Heudebouville, France

Intertek Fujairah FZC

P.O. Box 1307, Fujairah, United Arab Emirates

Intertek Genalysis (Zambia) Limited

Plot No 25/26 Nkwazi House, Nkwazi and Cha Cha Cha Roads, PO Box 31014, Lusaka, Zambia

Intertek Genalysis Madagascar SA

Saint Denis Terrain II, Parcel 2 Ambatofotsy, Ampandrianomby, Madagascar

Intertek Genalysis South Africa Pty Ltd

544 Bickley Road, Maddington WA 6109, Australia

Intertek Ghana Limited

1st Floor Gian, Towers Office, Number 2 Community, Gian Towers Tema, Accra, Accra Metropolitan, P.O. BOX GP 199, Ghana

Intertek Global (Iraq) Limited**Intertek Global Limited**

1st Floor, Liberation House, Castle Street, St Helier, JE1 1GL, Jersey

Intertek Health Sciences Inc. ^(iv)

2233 Argentia Road, Suite # 201, Mississauga, ON L5N 2X7, Canada

Intertek Holding Deutschland GmbH

Stangenstrasse 1, 70771 Leinfelden-Echterdingen, Germany

Intertek Holdings France SAS

ZAC Ecopark 2, 27400 Heudebouville, France

Intertek Holdings Italia SRL ^(xvii)

Via Guido Miglioli 2/A, Cernusco sul Naviglio, 20063, Milano, Italy

Intertek Holdings Nederland B.V.

Leerlooiersstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

Intertek Holdings Norge AS

Oljevegen 2, Tananger, 4056, Norway

Intertek Ibérica Spain, S.L.

Alameda Recalde, 27-5., 48009, Bilbao, Vizcaya, Spain

Intertek India Private Limited

E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

Intertek Industrial Services GmbH

Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany

Intertek Industry and Certification Services (Thailand) Limited

539/2 Gypsum Metropolitan Tower, 11C Fl., Sri-Ayudhaya Road, Tanon - Phayathai Subdistrict, Khet Ratchathewi, Bangkok, 10400, Thailand

Intertek Industry Holdings (Pty) Ltd

53 Phillip Engelbrecht Drive, Woodhill Office Park Building 2, 1st Floor Unit 8B Meyersdal, Gauteng, 1448, South Africa

Intertek Industry Holdings Mozambique Limitada

Cidade de Maputo, Distrito Kampfumo, Bairro Sommerchild, Avenida 1301 n°97, Mozambique

Intertek Industry Services (S) Pte Ltd

2 International Business Park, #10-09/10, The Strategy, 609930, Singapore

Intertek Industry Services Brasil Ltda

Alameda Mamore 503, Alphaville, Barueri-SP, 06454-040-SP, Brazil

Intertek Industry Services de Argentina S.A.

Cerrito 1136, 2nd floor CF, Ciudad Autonoma de Buenos Aires, C1010AAX, Argentina

Intertek Industry Services Japan Limited

Nihonbashi N Bldg, 1-4-2, Nihonbashi - Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan

Intertek Industry Services Romania Srl

266-268 Calea Rahovei Street, Building 61, 1st Floor, Sector 5, Bucharest, Romania

Intertek Industry WLL

Office # 24, Building 400, Road 3207, Mahooz, Block 332, Manama, Bahrain

Intertek Inspection Services Ltd

2561 Avenue Georges V, Montreal-Est, QC H1L 6S4, Canada

Intertek Inspection Services Scandinavia AS

Leif Weldings vei 8, 3208 Sandefjord, Norway

Intertek Inspection Services UK Limited**Intertek International France SAS**

67 Boulevard Bessières, 75017, Paris, France

Intertek International Gabon SARL

Quartier Montagne Sainte - Immeuble Dumez, 2ème étage, Libreville, B.P: 13312, Gabon

Intertek International Guinee S.A.R.L. ⁽ⁱ⁾

Conakry Republique de Guinee, Compte Bancaire: 52481.369.10 0 (SGBG), Conakry Guinea

Intertek International Inc.

8600 NW 17th Street, Suite 100, Miami, FL 33126, United States

Intertek International Kazakhstan, LLC

Building 2A, Abay street, Atyrau City, 060002, Kazakhstan

Intertek International Limited**Intertek International Ltd Egypt**

69, Road 161, Intersection with Road 104, Ground Floor, Maadi, Cairo, Egypt

Intertek International Nederland BV

Leerlooiersstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

Intertek International Niger SARL

BP 2769, 2nd Floor Lot 792 Block Q, Independance Boulevard, Rue GM-20, Niger

Intertek International Suriname N.V.

Prins Hendrikstraat 49, Paramaribo, Suriname

Intertek International Tanzania Limited

Minazini Street, Kilwa Road 5, Dar es Salaam, United Republic of Tanzania

Intertek Italia SpA

Via Guido Miglioli 2/A, Cernusco sul Naviglio, 20063, Milano, Italy

Intertek Japan K.K.

Pier City Shibaura Building, 4F, 3-18-1, Kaigan, Minato-ku, Tokyo, 108-0022, Japan

Intertek Kalite Servisleri Limited Sirketi

Cevizli Mah. Tansel Cad. No: 12-18, Maltepe, Istanbul, Turkey

Intertek Korea Industry Service Ltd

Yeouido Dept Bldg #916, 36-2, Yeouido-Dong, Youngdeungpo-Gu, Seoul, 150-749, South Korea

Intertek Labtest S.A.R.L

Route 110, (par Chefchaoui), Lot Saadi no. 20, Q.I. Ain Sebaâ 20 250, 4eme Etage, Casablanca, Morocco

Notes to the financial statements Continued

Intertek Limited

Borco Administration Bldg, West Sunrise Highway, Freeport, Grand Bahama, The Bahamas

Intertek Management Services (Australia) Pty Ltd

544 Bickley Road, Maddington WA 6109, Australia

Intertek Med SARL AU

Zone Franche Logistique Tanger Med, Plateau Bureaux 4, Lot 130, Tanger, Morocco

Intertek Medical Notified Body AB

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Intertek Minerales Services SARL ⁽ⁱ⁾

Rue KM 10, Route de Kouroussa S/P Karifamoriah, Commune Urbaine de Kankan, Guinea

Intertek Minerals Limited

Osu Badu Street, Airport Residential Area, Accra, Greater Accra, CP8196, Ghana

Intertek Myanmar Limited ⁽ⁱ⁾

Classic Strand Cono, No.693/701, Room (4-A), (4th Floor), Merchant Road, Pabedan Township, Yangon, Myanmar

Intertek Nederland B.V.

Leerlooierstraat 135, 3194 AB Hoogvliet, Rotterdam, The Netherlands

Intertek Nominees Limited**Intertek OCA France SARL**

Route Industrielle – Centre Routier, 76600, Gonfreville L'Orcher, France

Intertek Overseas Holdings, Eritrea Limited ⁽ⁱ⁾**Intertek Overseas Holdings Limited**

3rd Floor, Warsay Avenue, P.O. Box 4588, Asmara, Eritrea

Intertek Pakistan (Private) Limited

Intertek House, Plot No.1-5/11-A, Sector-5, Korangi Industrial Area, Karachi, Pakistan

Intertek Poland sp.z.o.o.

Cyprysowa 23 B, 02-265, Warsaw, Poland

Intertek Polychemlab B.V.

Koolwaterstofstraat 1, 6161 RA, Geleen, The Netherlands

Intertek Portugal, Unipessoal Lda ^(xvi)

Rua Antero de Quental, 221-Sala 102, 4455-586, Perafita-Matosinhos, Portugal

Intertek Quality Services Ltd ⁽ⁱ⁾**Intertek Resource Solutions (Trinidad) Limited ⁽ⁱ⁾**

#91-92 Union Road, Marabella, Trinidad, Trinidad and Tobago

Intertek Resource Solutions, Inc.

25025 I-45, Suite 300, Spring, TX 77380, United States

Intertek Rus JSC

Electrozavodskaya street, 27, building 2, 125047, Moscow, Russian Federation

Intertek S.R.O

Sokolovská 131/86, Karlín, Praha 8, 186 00, Czech Republic

Intertek Saudi Arabia Limited

Southern Olaya Center, Office No. 213, Makkah Al-Mukaramah Street, P.O. Box 2526, Al-Khobar, 31952, Saudi Arabia

Intertek ScanBi Diagnostics AB

Box 166, Alnarp, SE-230 53, Sweden

Intertek Secretaries Limited ⁽ⁱ⁾**Intertek Semko AB**

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Intertek Services (Pty) Ltd

151 Monument Road, Aston Manor, 1619, South Africa

Intertek Servicios C.A. ⁽ⁱ⁾

Res. San Ignacio, Calle San Ignacio de Loyola con Avenue Francisco de Miranda, Local 3, Chacao, Caracas, Venezuela

Intertek Status N.V.

Man 'O' War #B3, Oranjestad, St. Eustatius, Netherlands Antilles

Intertek Surveying Services (USA), LLC ^(xv)

16441 Space Center Boulevard, Suite D-100, Houston, TX 77058, United States

Intertek Surveying Services UK Limited

Averon House 3 Dail Nan Rocas, Teaninich Industrial Estate, Alness, IV17 0PH, United Kingdom

Intertek Technical Inspections Canada Inc. ^(iv)

1829-32nd Avenue, Lachine, Quebec, H8T 3J1, Canada

Intertek Technical Services PTY Limited

544 Bickley Road, Maddington WA 6109, Australia

Intertek Technical Testing and Analysis Private Limited Company ⁽ⁱ⁾

Bole Sub City Woreda 04, House Number 064/A/, Abune Yosef, Addis Ababa, 4260, Ethiopia

Intertek Testing & Certification Limited**Intertek Testing and Inspection Services UK Limited****Intertek Testing Management Ltd****Intertek Testing Services (Australia) Pty Limited**

544 Bickley Road, Maddington WA 6109, Australia

Intertek Testing Services (Cambodia) Company Limited

13AC, Street 337, Sangkat Boeung Kak I, Khan Tuol Kork, Phnom Penh, Cambodia

Intertek Testing Services (East Africa) (Pty) Limited

5th Floor Charter House, 13 Brand Road Glenwood, Kwa-Zulu Natal, 4001, South Africa

Intertek Testing Services (Fiji) Pte Limited

c/o BDO, Level 10, FNPF Place, 343 Victoria Parade, Suva, Fiji

Intertek Testing Services (Guangzhou) Ltd

No.3-1, Road 1, Xinhaixin Street, Huangge, Nansha District, Guangzhou, Guangdong, China

Intertek Testing Services (ITS) Canada Ltd

105-9000 Bill Fox Way, Burnaby BC V5J 5J3, Canada

Intertek Testing Services (Japan) K. K.

Nihonbashi N Bldg, 1-4-2, Nihonbashi – Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan

Intertek Testing Services (NZ) Limited

3 Kepa Road, Ruakaka, Northland, 0171, New Zealand

Intertek Testing Services (Shanghai FTZ) Co., Ltd

1/F, Building No.4 Shanghai 801 Yi Shan Road, Shanghai, 200233, China

Intertek Testing Services (Singapore) Pte Ltd.

3 Irving Road #05-01 to 05, Tai Seng Centre, 369522, Singapore

Intertek Testing Services (Thailand) Limited

1285/5 Prachachuen Road, Wong-Sawang Sub-District, Bangsue District, Bangkok, 10800, Thailand

Notes to the financial statements Continued

Intertek Testing Services Argentina S.A.

Cerrito 1136, piso 3ro, Frente. Ciudad Autonoma de Buenos Aires, (C1010AAX), Argentina

Intertek Testing Services Bolivia S.A.

Calle Chichapi # 2125, Santa Cruz, de la Sierra, Bolivia

Intertek Testing Services Caleb Brett Egypt Limited**Intertek Testing Services Chongqing Co., Limited**

1F/6F Building 3 No.5 East Gangcheng Loop Road, Chongqing China

Intertek Testing Services de Honduras, S.A.

Edificio la Pradera, locales 5 y 6. 1-2 Ave, 1 calle, Puerto Cortes, Barrio el Centro, Honduras

Intertek Testing Services De Mexico, S.A. De C.V. ⁽ⁱⁱⁱ⁾

Poniente 134, No 660 Industrial Vallejo, Mexico DF CP, 02300, Mexico

Intertek Testing Services Environmental Laboratories Inc. ⁽ⁱ⁾

Lexis Document Services, 15 East North Street, Dover, DE 19901, United States

Intertek Testing Services NA Limited

1829-32nd Avenue, Lachine QC H8T 3J1, Canada

Intertek Testing Services NA Sweden AB ⁽ⁱ⁾

c/o Intertek Semko AB, Box 1103, Kista, 16422, Sweden

Intertek Testing Services Namibia (Proprietary) Limited

15th Floor, Frans Indongo Gardens, Dr Frans Indongo Street, Windhoek, Namibia

Intertek Testing Services Pacific Limited

2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

Intertek Testing Services Peru S.A.

Jr. Mariscal Jose de la Mar No. 200 Urb., Res. El Pino, San Luis, Lima, Peru

Intertek Testing Services Philippines, Inc.

Intertek Building, 2307 Chino Roces Avenue Extension, Metro Manila, Makati City, 1231, Philippines

Intertek Testing Services Taiwan Limited

8F No. 423 Ruiguang Rd, Neihu District, Taipei, 11492, Taiwan

Intertek Testing Services Tianjin Limited

1-6/F, Block B, No. 7 Guiyuan Road, Hi-Tech Park, Tianjin, China

Intertek Testing Services Zhejiang Ltd

Building No.2, Juanhu Science and Technology Innovation Park, No. 500 East Shuiyueting Road, Haining City, Zhejiang Province, China

Intertek Timor, S.A.

Hotel Timor, Colmera, Vera Cruz, Dili, Timor-Leste

Intertek Training Malaysia Sdn. Bhd.

6-L12-01, Level 12, Tower 2, Menara PGRM, No. 6 & 8 Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia

Intertek Trinidad Limited

#91-92 Union Road, Marabella, Trinidad and Tobago

Intertek UK Holdings Limited**Intertek Ukraine ^(xvii)**

Chernomorskogo Kazachestva, 115, Office 507, Odessa, 65003, Ukraine

Intertek USA Finance LLC

c/o CSC Services of Nevada, Inc., 2215-B Renaissance Dr, Las Vegas NV 89919, United States

Intertek Vietnam Limited

3rd & 4th floor, Au Viet Building, No. 01 Le Duc Tho Str., Mai Dich Ward, Cau Giay District, Hanoi City, Vietnam

Intertek West Africa SARL

Rue du Canal de Vridi Face Appontement, SIAP, Abidjan, 15 BP 882, Côte d'Ivoire

Intertek West Lab AS

Oljevegen 2, 4056 Tananger, Norway

Intertek Genalysis SI Limited

c/o Baoro & Associates, Top Floor, Y. Sato Building, Point Cruz, Honiara, Solomon Islands

ITS (PNG) Limited

Section 27 Allotment 27, Voco Point, Lae, Morobe Province, Papua New Guinea

ITS (Subic Bay), Inc.

Area 8 - 10, Lots 11/12 Boton Wharf, Argonaut Highway, Subic Bay, Freeport Zone, Olongapo City, Philippines

ITS Hong Kong NA, Limited ⁽ⁱ⁾

2/F Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

ITS Labtest Bangladesh Limited

Phoenix Tower, Plot - 407 (3rd Floor), Tejgaon I/A, Dhaka, Bangladesh

ITS Testing Holdings Canada Limited

9000 Bill Fox Way, Suite 105, Burnaby, British Columbia, V5J 5J3, Canada

ITS Testing Services (UK) Limited**ITS Testing Services Co. LLC**

Ras Tanura KSA, PO Box 216, 31941, Saudi Arabia

JLA Brasil Laboratório de Análises de Alimentos S.A.

Rua Carlos Tosin, 860, sala 1, Distrito Industrial, Distrito Industrial, Estado de São Paulo, Brazil

KJ Tech Services GmbH ^(xii)

Kirschberg 20, 64347, Griesheim, Germany

Laboratorio Fermi S.A. de C.V.

Jacarandes #15, San Clemente, Alvaro Obregon, Ciudad de Mexico, C.P. 01740, Mexico

Laboratorios ABC Química, Investigación y Análisis, S.A. de C.V. ^(xiii)

Jacarandas #19, San Clemente, Alvaro Obregón, Ciudad de Mexico, C.P. 01740, Mexico

Laboratory Services International Rotterdam B.V.

Pittsburghstraat 9, 3047 BL, Rotterdam, The Netherlands

Labtest International Inc.

545 E. Algonquin Road, Arlington Heights, IL 60005, United States

Lintec Testing Services Limited**Louisiana Grain Services, Inc. ⁽ⁱ⁾**

c/o CT Corp, 8550 United Plaza Blvd, Baton Rouge LA 70809, United States

Mace Land Company, Inc.

3114 Scarboro Road, Street, MD 21154, United States

Management & Industrial Consultancy ⁽ⁱ⁾

59 Road No.104, Second Floor, Maadi, Cairo, Egypt

Management Systems International Limited ⁽ⁱ⁾**Materials Testing & Inspection Services Limited ⁽ⁱⁱ⁾**

CVR Global LLP, Town Wall House, Balcerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Materials Testing Lab, Inc.

145 Sherwood Avenue, Farmingdale NY 11735, United States

McPhar Geoservices (Philippines) Inc. ⁽ⁱ⁾

Building 7 & 8 Philcrest 1 Compound, Km23 West Service Road, Bo. Cupang, Muntinlupa City, Philippines

Notes to the financial statements Continued

Melbourn Scientific Limited

Melbourn Scientific, Saxon Way, Melbourn, Hertfordshire, Royston, SG8 6DN, United Kingdom

Metoc Limited**Midwest Engineering Services, Inc.**

CT Corporation System, 8020 Excelsior Dr., Suite 200, Madison WI 53717, United States

Moody (Shanghai) Consulting Co., Ltd

Room 403, No.5-6, Lane 1218, Wanrong Road, Jing 'an District, Shanghai, China

Moody Energy Technical Service Co Ltd

Suite B2206 Dongyu Building, A1 Shuguangxili, Chaoyang District, Beijing 100028, P.R. China

Moody International (Holdings) Limited ^(viii)**Moody International (India) Private Limited**

E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

Moody International (Russia) Limited**Moody International Certification India Limited**

E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

Moody International Holdings LLC ^(xv)

237 Stuart Road, Amelia, LA 70340, United States

Moody United Certification Limited ⁽ⁱ⁾

2F, No. 5 Building, 912 Bibo Road, Pudong, Shanghai, 201203, China

MT Group LLC

145 Sherwood Avenue, Farmingdale NY 11735, United States

MT Operating of New Jersey, LLC ^(xv)

145 Sherwood Avenue, Farmingdale NY 11735, United States

MT Operating of New York, LLC ^(xv)

145 Sherwood Avenue, Farmingdale NY 11735, United States

N T A Monitor Limited**NDT Services Limited****Northern Territory Environmental Laboratories Pty Ltd ⁽ⁱ⁾**

544 Bickley Road, Maddington WA 6109, Australia

NTA Academy Limited ⁽ⁱ⁾

CVR Global LLP, Town Wall House, Balkeine Hill, Colchester, Essex, CO3 3AD, United Kingdom

NTA Monitor (M) Sdn Bhd

No. 18-B, Jalan Kancil off Jalan Pudu, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia

Paulsen & Bayes-Davy Ltd

2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

Petroleum Services of Union Lab Sdn. Bhd.

Suite C-7-10 (B), Level 9, Block C, UE3 Corporate Offices, Menara Uncang Emas, No 85 Jalan Loke Yew, Taman Miharja, 55200 Kuala Lumpur, Malaysia

Pittsburgh Testing Laboratory Inc.

PSI, 850 Poplar Street, Pittsburgh PA 15220, United States

Profesionales Contables en Asesoría Empresarial y de Ingeniería S.A.S.

Calle 120, No. 45A – 32, Bogota, Colombia

Professional Service Industries (Canada) Inc. ⁽ⁱ⁾

200 Bay Street, Suite 3800, Royal Bank Plaza, South Tower, Toronto ON M5J 2J7, Canada

Professional Service Industries, Inc.

545 E. Algonquin Road, Arlington Heights, IL 60005, United States

Professional Service Industries Holdings, Inc.

545 E. Algonquin Road, Arlington Heights, IL 60005, United States

PSI Acquisitions, Inc.

545 E. Algonquin Road, Arlington Heights, IL 60005, United States

PT. Moody Technical Services

Graha STR 3rd floor, Suite#302, Jl. Ampera Raya No. 11, Jakarta, 12550, Indonesia

PT. RCG Moody ⁽ⁱ⁾

Graha STR 3rd floor, Suite#302, Jl. Ampera Raya No. 11, Jakarta, 12550, Indonesia

PT. SAI Global Indonesia

Graha Iskandarsyah Lantai 4, Jalan Iskandarsyah Raya Nomor 66-C, Kebayoran Baru, Jakarta, 12160, Indonesia

QMI-SAI Canada Limited

20 Carlson Court, Suite 200, Toronto ON M9W7K6, Canada

RCG Moody International Uruguay S.A.

Cerrito 507, 4th Floor, Off. 46, 47, Montevideo 11000, Uruguay

SAI Global (Thailand) Ltd

No 52/120, 3rd Floor, Grand Langsuam Condominium, Soi Langsuan, Phloenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand

SAI Global Assurance Learning Limited**SAI Global Assurance Pty Limited**

544 Bickley Road, Maddington WA 6109, Australia

SAI Global Assurance Services Limited**SAI Global Assurance Services sp. z o.o.**

Oszczepników 4, 02-633 Warszawa, Poland

SAI Global Australia (China) Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

SAI Global Australia Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

SAI Global Certification Services Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

SAI Global CIS UK Limited**SAI Global Czech s.r.o. ⁽ⁱⁱ⁾**

Vodnická 325/1, Újezd, Prague 4, 149 00, Czech Republic

SAI Global GmbH

Friedrich-Ebert-Anlage 36, 60325 Frankfurt am Main, Germany

SAI Global GP

205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

SAI Global, Inc.

615 South DuPont Highway, Dover, DE 19901, United States

SAI Global Italia S.R.L.

Corso Tazzoli 235/3, CAP 10137, Turin, Italy

SAI Global Korea Co., Ltd

(Dangjeong-dong, Intertek Building) 3, Gongdan-ro 160beon-gil, Gunpo-si, Gyeonggi-do, Seoul, South Korea

SAI Global Mexico, S. de R.L. de C.V

Monte Everest #615, Lomas de Chapultepec, Ciudad de Mexico, Distrito Federal, 11000, Mexico

Notes to the financial statements Continued

SAI Global Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

SAI Global SARL

29 Rue du Pont, 92200 Neuilly-sur-Seine, France

SAI Global UK Holdings Limited**SAI Global US Holdings, Inc.**

205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

Schindler & Associates (L.C.)^{(i) (xv)}

24900 Pitkin Road, Suite 200, The Woodlands TX 77386, United States

Shanghai Orient Intertek Testing Services Company Limited

3F, No 15-16, Lane 1988 Changzhong Road, Shanghai, China

Shanghai Tianxiao Investment Consultancy Company Limited

Room 502, No.5-6, 1218 WanRongRoad, 200070, Shanghai, China

Technical Company for Testing and Conformity Services & Systems LLC

Gates No. 1/2/6, Building 73/ Area 903, Karadah, Al Rusafa, Baghdad, Iraq

Testing Holdings Sweden AB

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Tourcheck Limited⁽ⁱⁱ⁾

CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Tradegood.com International Limited⁽ⁱ⁾

2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

Van Sluys & Bayet NV

Kruisschansweg 11, 2040 Antwerp, Belgium

White Land Company, Inc.

3114 Scarboro Road, Street, MD 21154, United States

Wilson Inspection X-Ray Services, Inc.

Michael E Wilson, 6010 Edgewater Dr., Corpus Christi TX 78412, United States

Wisco SE Asia PTE Limited⁽ⁱ⁾

3 Irving Road #05-01 to 05, Tai Seng Centre, 369522, Singapore

Youngever Holdings Ltd

Ritter House, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands

Related undertakings where the effective interest is less than 100%**Caleb Brett Abu Dhabi LLC (49.0%)^(xix)**

CB UAE (Private) Ltd, c/o Al Nahiya Group, PO Box 3728, Abu Dhabi, United Arab Emirates

CQC-SAI Management Technologies (Beijing) Co., Ltd (70%)

Level 21, Suite 2101-2103A, Beijing AVIC Building, No 10B, East 3rd Ring Road, Chaoyang Dist, Beijing, P.R.China, 100022

Euro Mechanical Instrument Services LLC (49.0%)

PO Box 46153, Abu Dhabi, United Arab Emirates

International Inspection Services LLC (70.0%)^(xix)

PO Box 193, Al Hamriyah, Muscat, PC 131, Oman

Intertek (Qeshm Island) Limited (51.0%)

Unit 107, Goldis Building, Valiasr Boulevard, Qeshm Island, Islamic Republic of Iran

Intertek Angola LDA (99.0%)

282 Rua Amilcar Cabral no.147 2nd floor, Apartment Z, Luanda, Angola

Intertek Caleb Brett Tzn Limited (75%)

Plot number 5, Minizani str.-Opposite Roman Catholic Church, Kilwa Road, Kurasini Temeke, Dar Es Salaam, 15109, United Republic of Tanzania

Intertek Certification International Sdn. Bhd. (40%)

6-L12-01, Level 12, Tower 2, Menara PGRM, No. 6 & 8 Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia

Intertek Engineering Service Shanghai Limited (90%)

Room 301-6, No.14, Lane 1401, JiangChang Road, Jing 'an District, Shanghai, China

Intertek Engineering Services (Wuhu) Ltd (90%)

No. 65 Chang Ye Street, YinHu District, Wuhu, China

Intertek ETL SEMKO KOREA Limited (90.0%)

5F, Intertek building, Gongdan-ro, 160beon-gil 3, Gunpo-si, Gyeonggi-do, 15845, South Korea

Intertek Global International LLC (49%)

Building 242, Office No.3, C-Ring Road, Doha, PO Box 47146, Qatar

Intertek GM Testing Service Zhuhai Co., Ltd (70.0%)

6F of Research and Development Building, Guangdong-Macau TCM Park Commercial Service Center, 2682 Huan Dao Bei Road, Hengqin New Area, Zhuhai, Guangdong China

Intertek Industry Services (PTY) LTD (69.9%)

3 EL Wak Street, Vereeniging, 1930, Gauteng, South Africa

Intertek Industry Services Colombia Limited (99.0%)

Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia

Intertek Inspection (Malaysia) Sdn. Bhd. (40%)^(xi)

D-28-3, Level 28, Menara Suezcap 1, No. 2 Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, Malaysia

Intertek Kimsco Co., Ltd (50.0%)

9F, Hansan Building, 115, Seosomun-ro, Jung-gu, Seoul, 04515, South Korea

Intertek Lanka (Private) Limited (70.0%)

Intertek House, No: 282, Kaduwela Road, Battaramulla, Sri Lanka

Intertek Libya Technical Services and Consultations Company Spa (65.0%)

P.O Box 3788, Hay Alandalus, Gargaresh, Tripoli, Libya

Intertek Life Bridge (Shanghai) Testing Services Co., Ltd (80.0%)

4F, No.6 BLD, Lane 1218, Wanrong Road, Shanghai, China 200070

Intertek Ltd (99.9%)

Borco Administration Bldg, West Sunrise Highway, Freeport, Grand Bahama, The Bahamas

Intertek - QNP LLP^(xvii) (51.0%)

Building 2A, Abay street, Atyrau City, 060002, Kazakhstan

Intertek Robotic Laboratories Pty Limited (50.0%)

544 Bickley Road, Maddington WA 6109, Australia

Intertek South Africa Holdings (Pty) Ltd (75.0%)

5th Floor, Charter House, 13 Brand Road, Glenwood, Kwazulu-Natal, South Africa

Intertek Test Hizmetleri Anonim Sirketi (85.0%)

Merkez Mahallesi, Sanayi Cad. No.23, Altindag Plaza, Yenibosna-34197, Istanbul, Turkey

Intertek Testing Services (South Africa) (Proprietary) Limited (49.5%)

5th Floor, Charter House, 13 Brand Road, Glenwood, Durban, South Africa

Intertek Testing Services Korea Limited (50.0%)

1st Fl., Aju Digital Tower, 284-56, Seongsu-dong 2-ga, Seongdong-gu, Seoul 133-120, South Korea

Notes to the financial statements Continued

Intertek Testing Services Nigeria Limited (60.0%)

No. 2 Bombay Crescent, Apapa, Lagos, Nigeria

Intertek Testing Services Sichuan Co., Ltd (90.0%)

No 1, Jiuxiang Blvd, Pharmacy Industry Park, Luzhou National High Technology District, Sichuan, China

Intertek Testing Services Wuxi Ltd (70.0%)

1/F, No.8 Fubei Road, Xishan Economic Development Zone, Wuxi, Jiangsu, 214101, China

ITS Caleb Brett Deniz Survey A S ^(xviii) (50.0%)

Ulus Mah. Oz Topuz cad. no.32, Besiktas, Istanbul, 34340, Turkey

ITS Testing Services (M) Sdn Bhd (74.0%)

Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200

Kuala Lumpur, Malaysia

ITS Testing Services Holdings (M) Sdn Bhd (49.0%)

Unit 30-01 Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200

Kuala Lumpur, Malaysia

Moody International Angola Ltda ⁽ⁱ⁾ ^(xvi) (78.6%)

Rua de Macau, Edificio ex Edil Apto 1, Res de Chao Esq. C.P 215, Cabinda, Angola

Moody International Bangladesh Limited (99.9%)

House 6, Road 17/A, Block E, Ground Floor, Banani, Dhaka, 1213, Bangladesh

Moody International Holdings Chile Ltda (99.0%)

Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

Moody International Lanka (Private) Ltd (99.9%)

no.5, St Albans Place, Colombo-4, Sri Lanka

Moody International Philippines, Inc. ⁽ⁱ⁾ (92.5%)

Intertek Building, 2310 Chino Roces Avenue Extension, Metro Manila, Makati City, 1231, Philippines

PT Citrabuana Indoloka ^(xviii) (50.0%)

Jl. Raya Bogor KM 28, RT/RW. 04/07, Kel. Pekayon, Kec. Pasar Rebo, Jakarta Timur, 13710, Indonesia

PT. Global Assurance Services (ii) (99.8%)

Graha Iskandarsyah Raya No.66-C, Jakarta, 12160, Indonesia

PT. Intertek Utama Services ^(xviii) (49.0%)

Jl. Raya Bogor KM. 28, RT/RW. 04/07, Kel. Pekayon, Kec. Pasar Rebo, Jakarta Timur, 13710, Indonesia

Qatar Calibration Services LLC (49.0%)

Petrotec, PO Box 16069, 8th Floor, Toyota Tower, Doha, Qatar

RCG Moody International de Venezuela S.A. ⁽ⁱ⁾ (99.0%)

Res Morgana, p_4, #04, Av. Andres Bello, Fco de Miranda, Los Polos Grandes, Caracas, Venezuela

SAI Global (Cyprus) Holdings Limited (60.0%)

1 Lampousas Street, 1095 Nicosia, Cyprus

SAI Global Eurasia Limited (60.0%)

19 Lit A, 7 Quarter River Wolves, 192102 St. Petersburg, Russian Federation

SAI Global Japan Kabushiki Kaisha (68.0%)

MK Bldg. 8F, 2-28-22 Shiba, Minato-ku Tokyo, Japan

Shanghai Moody Management & Technical Services Co. Ltd ⁽ⁱ⁾ (90.0%)

Room 225, No. 14 at Lane No. 1700 Luo Shan Road, Shanghai, China

Société SAI Global Tunisia SARL (75.0%)

67, Avenue Alain Savary, Cite les Jardins 2 Bloc A, Tunis, Tunisia

Société Tunisienne Intertek Caleb Brett SARL (51.0%)

67 rue Ech-Chem, Tunis, 1002, Tunisia

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Associates**Intertek Geronimo JV Limited ⁽ⁱ⁾ (48.9%)**

1, North Industrial Area, Klan Street, Accra, Ghana

Lynx Diagnostics Inc. ^(xviii) (50.0%)

#220, 8 Perron Street, St Albert AB T8N 1E4, Canada

Moody International Certification Ltd (40.0%)

53, Nautic, Triq I-Ortolan, San Gwann, SGN 1943, Malta

Moody International Morocco (30.0%)

28, Rue de Provins, 2 eme etage, Casablanca, Morocco

Moody International SA (35.0%)

4 Rue Des Brasseurs, Zone 3 Abidjan, Côte d'Ivoire

- (i) Dormant.
- (ii) In Liquidation/Strike off requested.
- (iii) Ownership held in class A and B common shares
- (iv) Ownership held in class A and E shares.
- (v) Ownership held in class A, B, C, D and E common shares.
- (vi) Ownership held in class A, B, C, D, E and F shares.
- (vii) Ownership held in ordinary and ordinary-A shares.
- (viii) Ownership held in ordinary, ordinary-A, ordinary-B and deferred shares.
- (ix) Ownership held in ordinary and preference shares.
- (x) Ownership held in ordinary and redeemable shares.
- (xi) Ownership held in ordinary and redeemable preference shares.
- (xii) Ownership held in No.1, No.2.1 and No.2.2 shares.
- (xiii) Ownership held in class I Series B shares and class II Series B shares.
- (xiv) Ownership held in ordinary bearer shares.
- (xv) Ownership held in membership units.
- (xvi) Ownership held in quota capital shares.
- (xvii) Ownership held in charter capital.
- (xviii) Intertek shares joint control over the company under a shareholders' agreement.
- (xix) The Group obtains 99% of the economic benefit of the company.

Intertek Group plc - Company balance sheet

As at 31 December	Notes	2021 £m	2020 £m
Fixed assets			
Investments in subsidiary undertakings	(E)	347.3	342.2
Current assets			
Debtors due within one year	(F)	408.1	420.5
Cash at bank and in hand		408.1 1.1	420.5 0.9
Creditors due within one year		409.2	421.4
Other creditors	(G)	(5.5)	(6.6)
		(5.5)	(6.6)
Net current assets		403.7	414.8
Total assets less current liabilities		751.0	757.0
Net assets		751.0	757.0
Capital and reserves			
Called up share capital	(H)	1.6	1.6
Share premium	(H)	257.8	257.8
Profit and loss reserves	(H)	491.6	497.6
Shareholders' funds		751.0	757.0

The profit for the financial year was £163.2m (2020: £222.4m).

The financial statements on pages 218 to 222 were approved by the Board on 28 February 2022 and were signed on its behalf by:



André Lacroix
Chief Executive Officer

Company number: 04267576



Jonathan Timmis
Chief Financial Officer

Intertek Group plc – Company statement of changes in equity

	Notes	Share capital £m	Share premium £m	Profit and loss reserves £m	Total equity £m
At 1 January 2020		1.6	2578	447.6	707.0
Total comprehensive income for the year					
Profit	(B)	-	-	222.4	222.4
Total comprehensive income for the year		-	-	222.4	222.4
Transactions with owners of the company recognised directly in equity					
Contributions by and distributions to the owners of the Company					
Dividends paid	(D)	-	-	(170.4)	(170.4)
Purchase of own shares		-	-	(12.2)	(12.2)
Tax paid on Share Awards vested		-	-	(7.5)	(7.5)
Equity-settled transactions	(E)	-	-	17.7	17.7
Total contributions by and distributions to the owners of the Company		-	-	(172.4)	(172.4)
At 31 December 2020		1.6	2578	497.6	757.0
At 1 January 2021		1.6	2578	497.6	757.0
Total comprehensive income for the year					
Profit	(B)	-	-	163.2	163.2
Total comprehensive income for the year		-	-	163.2	163.2
Transactions with owners of the company recognised directly in equity					
Contributions by and distributions to the owners of the Company					
Dividends paid	(D)	-	-	(170.6)	(170.6)
Purchase of own shares		-	-	(11.4)	(11.4)
Tax paid on Share Awards vested		-	-	(5.8)	(5.8)
Equity-settled transactions	(E)	-	-	18.6	18.6
Total contributions by and distributions to the owners of the Company		-	-	(169.2)	(169.2)
At 31 December 2021		1.6	257.8	491.6	751.0

Notes to the Company financial statements

(A) Accounting policies – Company

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') in conformity with the requirements of the Companies Act 2006.

These financial statements have been prepared on a historical cost basis. The Company continues to adopt the going concern basis of accounting in preparing these financial statements. Further detail on going concern can be found in note 1 to the Group financial statements.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements UK-adopted International Accounting Standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements are presented in sterling, which is the functional currency of the Company. All information presented in sterling has been rounded to the nearest £0.1m.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new, but not yet effective, IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- disclosures in respect of the compensation of Key Management Personnel; and
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures* on the basis that the consolidated financial statements include the equivalent disclosures.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of IFRS 2 *Share-Based Payment* in respect of Group-settled share-based payments.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Foreign currencies

Transactions in foreign currencies are recorded to the Company's functional currency, sterling, using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. All foreign exchange differences are taken to the profit and loss account.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Dividends on shares presented within shareholders' funds

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established. Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provisions for impairment.

Intercompany financial guarantees

When the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies in the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability, until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Share-based payments

Intertek Group plc runs a share ownership programme that allows Group employees to acquire shares in the Company. Details of the share schemes are given in note 17 of the Group financial statements.

Investments impairment review

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Estimates are used in determining the level of investment that will not, in the opinion of the Directors be recoverable.

Notes to the Company financial statements Continued

Recoverability of receivables

Amounts owed by Group undertakings are recognised initially at the value of the invoice or loan raised and subsequently at the amounts considered recoverable (amortised cost). Estimates are used in determining the level of receivables that will not, in the opinion of the Directors be collected. The Company applies the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all receivables. The provision calculations are based on a review of all receivables to see if there are specific circumstances which would render the receivable irrecoverable and therefore require a specific provision.

Significant new accounting policies and standards

No significant new accounting policies or standards were adopted in the year ending 2021.

(B) Profit and loss account

Amounts paid to the Company's auditors and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis. The Company does not have any employees (2020: nil).

Details of the remuneration of the Directors are set out in the Remuneration report.

(C) Use of judgements and estimates

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below. There are no critical estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year.

Key Estimations and Uncertainties

There are no critical accounting judgements or estimates.

(D) Dividends

The aggregate amount of dividends comprises:

	2021 £m	2020 £m
Final dividend paid in respect of prior year but not recognised as a liability in that year	115.5	115.3
Interim dividends paid in respect of the current year	55.1	55.1
Aggregate amount of dividends paid in the financial year	170.6	170.4

The aggregate amount of dividends proposed and recognised as liabilities as at 31 December 2021 is £nil (2020: £nil). The aggregate amount of dividends proposed and not recognised as liabilities as at 31 December 2021 is £115.6m (2020: £115.6m).

(E) Investment in subsidiary undertakings

	2021 £m	2020 £m
Cost and net book value		
At 1 January	342.2	339.6
Additions due to share-based payments	18.6	17.7
Recharges of share-based payments to subsidiaries	(13.5)	(15.1)
At 31 December	347.3	342.2

The Company has made Share Awards to the employees of its directly and indirectly owned subsidiaries, and as such, the Company recognises an increase in the cost of investment in subsidiaries of £18.6m (2020: £17.7m). Details of the principal operating subsidiaries are set out in note 23 to the Group financial statements.

The Company had two direct subsidiary undertakings at 31 December 2021: Intertek Testing Services Holdings Limited and Intertek Holdings Limited, both of which are holding companies, are incorporated in the United Kingdom and registered in England and Wales. All interests are in the ordinary share capital and all are wholly owned. In the opinion of the Directors, the value of the investments in subsidiary undertakings is not less than the amount at which the investments are stated in the balance sheet.

There is no impairment to the carrying value of these investments (2020: £nil).

Notes to the Company financial statements Continued

(F) Debtors

	2021 £m	2020 £m
Amounts owed by Group undertakings – due within one year	408.1	420.5
Total debtors	408.1	420.5

The amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. A mixture of the amounts due are interest bearing and interest free.

(G) Creditors due within one year

	2021 £m	2020 £m
Amounts owed to Group undertakings	5.5	6.6

The amounts owed to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. A mixture of the amounts due are interest bearing and interest free.

(H) Statement of changes in equity

Details of share capital are set out in note 15 and details of share-based payments are set out in note 17 to the Group financial statements.

A profit and loss account for Intertek Group plc has not been presented as permitted by Section 408 of the Companies Act 2006. The profit for the financial year, before dividends paid to shareholders of £170.6m (2020: £170.4m), was £163.2m (2020: £222.4m) which was mainly in respect of dividend income in relation to 2021.

The Company has sufficient distributable reserves to pay the 2021 final dividend and the anticipated 2022 interim dividend. When required, the Company can receive additional dividends from its subsidiaries to further increase distributable reserves.

The Group settled in cash the tax element of the Share Awards vested in 2021 amounting to £6.7m (2020: £8.5m) of which the Company settled £5.8m (2020: £7.5m).

During the year ended 31 December 2021, the Company purchased, through its Employee Benefit Trust, 216,310 (2020: 225,165) of its own shares with an aggregate nominal value of £2,163 (2020: £2,252) for £11.4m (2020: £12.2m) which was charged to profit and loss reserves.

(I) Related party transactions

Details of related party transactions are set out in note 21 of the Group financial statements.

(J) Contingent liabilities

The Company is a member of a group of UK companies that are part of a composite banking cross-guarantee arrangement. This is a joint and several guarantee given by all members of the Intertek UK cash pool, guaranteeing the total gross liability position of the pool which was £0.4m at 31 December 2021 (2020: £4.0m).

From time to time, in the normal course of business, the Company may give guarantees in respect of certain liabilities of subsidiary undertakings.

(K) Subsequent events

Details of post-balance sheet events relevant to the Company and the Group are given in note 18 of the Group financial statements.

Independent auditors' report to the members of Intertek Group plc Report on the audit of the financial statements

Opinion

In our opinion:

- Intertek Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the consolidated statement of financial position and company balance sheet as at 31 December 2021; the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Directors' Report, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We performed full scope audit procedures over 59 legal entities and performed specific audit procedures on a further 6 entities, covering 29 territories in total.
- Taken together, the entities over which audit work was performed accounted for 79% of the group's revenue and 85% of the group's statutory profit before tax.

Key audit matters

- SAI Global Assurance acquisition accounting in relation to the valuation of intangible assets (group)
- Impairment of goodwill and other intangible assets (group)
- Valuation of defined benefit pension scheme liabilities (group)
- Uncertain tax positions (group)
- Impairment of investments in subsidiary undertakings (parent)

Materiality

- Overall group materiality: £20,650,000 (2020: £19,700,000) based on 5% of profit before tax (2020: 5% of the weighted average profit before tax of 2018-2020).
- Overall company materiality: £7,500,000 (2020: £7,600,000) based on 1% of total assets.
- Performance materiality: £15,450,000 (2020: £14,775,000) (group) and £5,625,000 (2020: £5,700,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

SAI Global Assurance acquisition accounting in relation to the valuation of intangible assets and Impairment of investments in subsidiary undertakings are new key audit matters this year. Impact of COVID-19 and Completeness and valuation of customer claims, which were key audit matters last year, are no longer included because of a reduction in the level of estimation uncertainty associated with the future impact of COVID-19 and resulting impact on the amounts presented in the financial statements and due to there not being any significant liabilities in relation to customer claims in recent years. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report Continued

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p>SAI Global Assurance acquisition accounting in relation to the valuation of intangible assets (group)</p> <p>Refer to the Audit Committee report on page 130 and to note 10 in the financial statements.</p> <p>The group acquired SAI Global Assurance group of companies on 7 September 2021, for consideration (net of cash acquired) of £450.1 million.</p> <p>Management engaged an external expert to support them with the fair valuation of the acquired intangibles. Acquired intangible assets of £99.6 million were identified and recognised in respect of this acquisition. These included customer relationships (£59.7 million), brands (£33.9 million) and other identifiable intangibles (£6.0 million). The determination of the fair value of these intangibles involves a significant level of estimation, particularly around future cash flows and involves making key assumptions of revenue growth rates, margins, discount rate, customer attrition rate and long-term growth rates. In making such future assumptions there is an inherent level of estimation uncertainty and subjectivity.</p>	<p>We validated the mathematical accuracy of management's models and appropriateness of the methodologies used to determine the fair values, with support from our internal valuation experts.</p> <p>We obtained an understanding of the assumptions used to determine these estimates and identified the following key assumptions:</p> <ul style="list-style-type: none"> - Discount rates: We engaged our valuation experts to challenge the reasonableness of the discount rates using comparable market data. - Forecast revenue growth rates and margins: We compared the assumptions in respect of forecast revenue growth rates and margins with historical trading experience; obtained market evidence on the forecasts through our own independent research; examined actual trading performance post acquisition; and compared the forecasts to the Board approved budget and five-year forecast. - Customer attrition rates: In respect of the customer relationship intangible asset, we challenged management on the customer attrition rate assumption and forecast cash flows. We considered an alternate customer attrition profile through independent modelling based on historical customer sales with the support of our valuation experts. Our independent modelling validated management's estimate of the fair value. <p>We assessed management's estimate of the fair values of the acquired intangibles and the related disclosures and concluded that these were appropriate.</p>	<p>Impairment of goodwill and other intangible assets (group)</p> <p>Refer to the Audit Committee report on page 130 and to note 9 in the financial statements.</p> <p>The group had £1,241.4 million of goodwill and a further £358.5 million of other intangible assets recognised on the balance sheet at 31 December 2021. The potential impairment of goodwill and other intangible assets is dependent on future cash flows of the underlying Cash Generating Units ("CGUs") and there is a risk that, if these cash flows are not sufficient to support the carrying value, the assets may be impaired.</p> <p>Accounting standards require management to perform an annual assessment of the carrying value of goodwill, and other intangible assets are assessed where there are indications that they are impaired.</p> <p>As this assessment is based on the future value in use, and a significant amount of value is based on the value to perpetuity of the CGUs, future cash flows must be estimated, which can be highly judgemental and could significantly impact the carrying value of the assets.</p>	<p>We evaluated management's cash flow forecasts and understood the process by which they were determined and approved. This included confirming that the forecasts were consistent with the latest Board approved budgets and checking the methodology and mathematical accuracy of the underlying calculations, with no exceptions identified.</p> <p>We evaluated the inputs included in the value in use calculations and challenged the key assumptions, particularly for the higher risk CGU, Caleb Brett, by obtaining evidence including in respect of:</p> <ul style="list-style-type: none"> - the growth rates used in the cash flow forecasts by comparing them with historical results, external forecasts and our understanding of the business; - using our internal valuation experts to evaluate the discount rate by comparing the cost of capital for the group with comparable organisations; and - the long-term growth rates by comparing these with publicly available market data on projected growth rates in key territories such as the UK, USA and China. <p>We performed sensitivity analyses around these assumptions. We also challenged the extent to which climate change considerations had been reflected, as appropriate, in management's impairment assessment process.</p> <p>Having ascertained the extent of change in those assumptions that either individually or collectively would be required for an impairment to arise, we considered the likelihood of such a movement occurring.</p> <p>Our testing did not identify any indicators of impairment and confirmed that it would require significant downside changes before any impairment would be triggered.</p> <p>In addition, we assessed the appropriateness of the CGUs used in the impairment assessment, the useful economic lives of the other intangible assets and the related disclosures and concluded that these were appropriate.</p>

Independent Auditors' Report Continued

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p>Valuation of defined benefit pension scheme liabilities (group) Refer to the Audit Committee report on page 130 and to note 16 in the financial statements.</p> <p>The group had gross pension liabilities of £154.0 million and a net surplus of £1.4 million recognised on the balance sheet at 31 December 2021.</p> <p>The valuation of pension liabilities involves the exercise of judgement and technical expertise in choosing appropriate actuarial assumptions such as the discount rate, inflation level, mortality rates and salary increases.</p> <p>Management engaged external actuarial experts to assist them in selecting appropriate assumptions and to calculate the liabilities. The methodologies and assumptions utilised are judgemental and could significantly impact the magnitude of the liabilities recognised.</p>	<p>We utilised our internal actuarial experts to evaluate whether the assumptions and methodology used in calculating the pension liabilities were reasonable, by:</p> <ul style="list-style-type: none"> - Assessing whether salary increases and mortality rate assumptions were reasonable based on the consideration of the specifics of each plan, pension plans of similar maturity to the group's and industry benchmarks; - Evaluating the consistency of the discount and inflation rate assumptions with our internally developed benchmarks based on national data; and - Reviewing the methodology and calculations prepared by external actuaries to assess their appropriateness and the consistency of the assumptions used. <p>Based on our procedures, we concluded that the key assumptions utilised lay within acceptable ranges and that the methodology was appropriate. We assessed the related disclosures included in the group financial statements and concluded that these were appropriate.</p>	<p>Impairment of investments in subsidiary undertakings (parent) Refer to note E in the financial statements.</p> <p>The parent company had £347.3 million of investments in subsidiary undertakings. There is a risk that the performance of the subsidiary undertakings is not sufficient to support the carrying value and the assets may be impaired. Management has performed an assessment of impairment indicators with none being identified.</p> <p>How we tailored the audit scope We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.</p> <p>The group is split into three reporting segments: Products, Trade and Resources and the operations are spread across over 100 territories and approximately 600 legal entities. The results are not consolidated at a territory or regional level, so we determined that the most appropriate level at which to scope our audit was the legal entity level.</p> <p>When determining our scope, the key financial measure used was profit before tax. Due to the disaggregation of the group's results across the various entities, we identified three individually financially significant legal entities, two within China and one within the United States. As a result, we instructed our component teams to perform audits of the complete financial information of these entities.</p>	<p>We evaluated management's assessment of impairment indicators and considered the consistency with other audit procedures performed. We concluded management's view that no impairment indicators exist was reasonable.</p>
<p>Uncertain tax positions (group) Refer to the Audit Committee report on page 130 and to notes 6 and 22 in the financial statements.</p> <p>Provisions in relation to potential tax exposures are subject to judgement and involve estimation techniques that could influence the current tax positions. The group operates in a large number of jurisdictions, which increases the risk of non-compliance in relation to transfer pricing considerations relating to intercompany financing, management recharges and trading transactions.</p> <p>The individually largest uncertain tax position within the group has previously been in relation to EU State Aid where a contingent liability of £16.3m had been disclosed. As set out in note 22 this has been resolved during the year.</p>	<p>We involved our internal tax specialists in our testing of the appropriateness of the techniques, estimates and judgements taken over current tax balances in relation to the transfer pricing risk. In so doing, we evaluated:</p> <ul style="list-style-type: none"> - Third party tax advice received by the group; - The status of recent and current tax authority audits and enquiries; - The outturn of previous claims; - Judgemental positions taken in tax returns and current year estimates; and - Management's methodology, calculations and assumptions utilised in provisions recorded, or rationale for not recording a provision. <p>The procedures above did not identify any material issues with regards to the valuation of current and deferred tax balances.</p>	<p>We considered the territories in which PwC are appointed statutory auditor. Of these, 22 territories (including China) accounted for the majority of external profit, and we therefore focused our considerations on these territories. Within these territories, we then excluded any legal entities with no external balances, such as intermediate holding companies, and those entities with highly immaterial revenue. This left 53 legal entities (including the two financially significant legal entities in China) for which we instructed our local teams to perform audits of the complete financial information for the purpose of the group audit. In addition, we performed full scope audit procedures over two head office legal entities.</p> <p>In certain territories, notably the US, Canada and Brazil, there is no statutory audit requirement and so we considered whether procedures needed to be performed to supplement our coverage. We selected eight of the largest entities in the United States and Canada for full scope audits (including the financially significant component in the United States), representing those with the largest contribution to group profit, and a further legal entity in each of the United States and Brazil over which we performed specified procedures over the complete financial information.</p> <p>We instructed a local audit firm to perform an audit of the complete financial information for one legal entity in Bangladesh for the purpose of the group audit.</p>	
		<p>We identified a further four legal entities in Japan, Colombia and Saudi Arabia over which we instructed specific audit procedures to be performed over revenue and receivables to supplement coverage over these key financial statement line items.</p>	

Independent Auditors' Report Continued

In total we performed procedures relating to 65 legal entities in 29 territories, which together accounted for 79% of the group's revenue and 85% of the group's profit before tax.

This, together with additional procedures performed at the group level (including audit procedures over business acquisitions, impairment assessments, defined benefit pension schemes, tax and consolidation adjustments), gave us the evidence we needed for our opinion on the financial statements as a whole.

Through our audit planning procedures we have made enquiries of management to understand the process they have adopted to assess the extent of the potential impact of climate change risk on the group's financial statements. Management's assessment is in the context of the new principal risk this year in relation to Sustainability, together with the additional disclosures included this year in the Annual Report on the impact of climate change on the future prospects of the business. Management considers that the impact of climate change does not give rise to a material financial statement impact. In response, we have used our understanding of the group to evaluate management's assessment; in particular we have considered how climate change risks would impact the assumptions made in the forecasts prepared by management used in their impairment analyses, as referenced in the key audit matter in relation to the impairment of goodwill and other intangible assets above.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£20,650,000 (2020: £19,700,000).	£7,500,000 (2020: £7,600,000).
How we determined it	5% of profit before tax (2020: 5% of the weighted average profit before tax of 2018-2020)	1% of total assets
Rationale for benchmark applied	We considered that the most appropriate benchmark on which to calculate materiality was the group's profit before tax. This year, current year profit before tax has been used as a benchmark instead of the three-year weighted average benchmark used in 2020 when performance was adversely impacted for a period by the COVID-19 pandemic.	These are a single set of company accounts for an entity which has no external revenue and takes advantage of the exemption offered under S408 of Companies Act 2006 not to present its income statement in its financial statements, which are presented alongside the group financial statements within the Annual Report. As a result, the determination of materiality was based on the total assets of this non-trading holding company within the group.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.4 million and £7.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £15,450,000 (2020: £14,775,000) for the group financial statements and £5,625,000 (2020: £5,700,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,100,000 (group audit) (2020: £900,000) and £1,100,000 (company audit) (2020: £900,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- An assessment of management's base case and severe but plausible scenarios, challenging the key assumptions;
- Considering the group's available financing, including related covenants, and maturity profile to assess liquidity through the assessment period;
- Testing the mathematical integrity of the forecasts and the models and reconciled these to Board approved budgets; and
- Performing our own independent sensitivity analysis to assess appropriate downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report Continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent Auditors' Report Continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to fraud, anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent journal entries to manipulate the financial performance and management bias in significant accounting estimates in order to achieve management incentive scheme targets. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiry of management, those charged with governance and the group's legal counsel around actual and potential fraud and non-compliance with laws and regulations;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- Enquiry of group's staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Obtaining and understanding the results of whistleblowing procedures and assessing any related investigations;
- Enquiry of the group's Head of Internal Audit and reviewing internal audit reports; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 25 May 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 31 December 2016 to 31 December 2021.

Independent Auditors' Report Continued

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Graham Parsons

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 February 2022

Glossary – Alternative performance measures

Introduction

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ('APMs'). These measures are not defined by UK-adopted international accounting standards. As adjusted results and measures include the benefits of certain separately disclosed items (as detailed in note 3), but exclude significant costs related to those items, they should not be regarded as a complete picture of the Group's financial performance, which is presented on the face of the Income Statement under Total results. The exclusion of these items may result in Adjusted operating profit being materially higher or lower than Total operating profit. In particular, where significant impairments, restructuring charges and legal costs are excluded in any year, Adjusted operating profit will be higher than Total operating profit.

Purpose

The Directors believe that APMs assist the user of the Annual Report and Accounts in providing useful information around trends, performance and the position of the Group between reporting periods and across operating divisions by adjusting for non-recurring factors assessing the Total results of the Group, as well as aiding users in understanding the Group's performance. APMs are commonly used by management for performance review, budget setting and forecasting across the Group.

Some of the metrics shown for the Group are translated at constant exchange rates. Constant rates compares both 2021 and 2020 figures at the average and year-end exchange rates for 2021, in order to remove the impact of currency translation from the Group's growth figures.

Changes to APMs

There have been no significant changes to the definitions of existing APMs or the APMs used by the Group in the year.

Reconciliations

Reconciliations between statutory and adjusted measures can be found in the Financial Review on page 30.

APM	Closest equivalent statutory measure	Adjustments to reconcile adjusted to statutory	Definition and purpose
Like-for-like revenue ('Lfl')	No direct equivalent	Acquisitions, business disposals and rebates (2020 only).	<p>Including acquisitions following their 12-month anniversary of ownership and removing the historical contribution of any business disposals/closures. For 2020, Lfl revenue has been adjusted to present certain rebates net within revenue to permit comparability period to period where 2021 Lfl revenue is also presented net of rebates.</p> <p>Excluding acquisitions and disposals demonstrates the Group's performance for comparable operations year-on-year by removing any inflation of revenue in the current year or prior year contributed from new acquisitions or disposals.</p>
Adjusted free cash flow	Net cash flows from operating activities	<p>Includes cash flows from acquisition and sale of PPE, repayment of lease liabilities and interest received.</p> <p>Excludes the impact of cash flow SDIs.</p>	Free cash flow includes net cash flows from operating activities and certain cash flows from investing activities and the repayment of lease liabilities. The following items are excluded: all other cash flows from financing activities. This measure reflects the cash available to shareholders. This is a key performance metric for the incentive scheme
Adjusted operating profit*	Statutory Operating profit*	Separately disclosed items (see note 3) including amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.	Adjusted operating profit is a key measure of Group's performance and is based on operating profit before the impact of separately disclosed items. These items relate to income or costs that are excluded from adjusted operating profit due to their nature or size to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis.

Glossary – Alternative performance measures Continued

APM	Closest equivalent statutory measure	Adjustments to reconcile adjusted to statutory	Definition and purpose
Adjusted operating margin	Statutory operating margin	As per Adjusted operating profit.	Adjusted operating profit divided by revenue, both before the impact of separately disclosed items. These items relate to income or costs that are excluded from adjusted operating profit due to their nature or size to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis.
Adjusted diluted earnings per share	Statutory Diluted Earnings per share	Separately disclosed items after tax (see note 3) including amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.	This metric relates to profit after tax before separately disclosed items divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of potentially dilutive shares. This is a key performance metric for the incentive scheme
Adjusted cash flow from operations	Cash flow from operations	Cash flows relating to separately disclosed items, as identified in the cash flow statement.	This excludes the impact of the cash flows relating to separately disclosed items to reflect the cash flows available during recurring operations.
Adjusted net financing costs	Statutory net finance costs	Changes in fair value of contingent consideration.	Adjusted net financing costs exclude income or costs that due to their nature or size provide the readers with a clear and consistent view of the business performance of the Group on a year-on-year basis.
Adjusted profit after tax	Statutory profit after tax	As per Adjusted profit and additionally any separately disclosed tax related items are excluded.	Adjusted profit after tax is based on profit after tax before the impact of separately disclosed items. These items relate to income or costs that are excluded from adjusted operating profit due to their nature or size to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis.
ROIC (based on adjusted profit)	No direct equivalent	Adjusted operating profit is the profit measure used in calculating ROIC.	Adjusted profit after tax (as defined above) divided by invested capital. This is a key performance metric for the incentive scheme.
Organic ROIC (based on adjusted profit)	No direct equivalent	Adjusted operating profit is the profit measure used in calculating organic ROIC, excluding acquisitions following their 12-month anniversary of ownership and removing the historical contribution of any business disposals/closures.	Adjusted profit after tax (excluding acquisitions as defined above) divided by invested capital (excluding invested capital in acquisitions).
Net financial debt	No direct equivalent	Total net debt less lease liabilities.	This measure shows the non-operational financial debt of the Group, excluding lease liabilities.
Adjusted EBITDA	Statutory EBITDA	Earnings before interest, tax, depreciation and amortisation and excluding separately disclosed items (see note 3) including amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.	This metric removes the impact of both separately disclosed items and interest, tax, depreciation and amortisation to provide a clear and consistent view of the business performance of the Group year-on-year at a level before the impact of some non-cash items and financing costs.

* Operating profit is presented on the Group income statement. It is not defined per IFRS, however, is a generally accepted profit measure.

Shareholders and corporate information

Shareholders' enquiries

Any shareholders with enquiries relating to their shareholding should, in the first instance, contact our Registrar, EQ (Equiniti), using the telephone number or the address below.

Electronic shareholders communications

Instead of receiving paper copies, shareholders can elect to receive communications by email each time the Company distributes documents. This can be done by registering for email communications at www.shareview.co.uk. In the event that you change your mind or require a paper version of any document in the future, please contact the Registrar.

Access to EQ Shareview allows shareholders to view details about their shareholdings, submit a proxy vote for shareholders meetings and notify a change of address. In addition to this, shareholders can complete dividend mandates online which facilitates the payment of dividends directly into a nominated bank account.

ShareGift

If you have a small shareholding which is uneconomical to sell, you may want to consider donating it to ShareGift, a share donation charity. Details of the scheme are available from:

ShareGift at www.sharegift.org
T: +44 (0) 20 7930 3737

Share price information

Information on the Company's share price is available at www.intertek.com.

Financial calendar

Financial year end	31 December 2021
Full Year results announced	1 March 2022
Annual General Meeting and Trading Update	25 May 2022
Ex-dividend date for final dividend	26 May 2022
Record date for final dividend	27 May 2022
Final dividend payable	17 June 2022
Half-Year results announced	29 July 2022
Ex-dividend date for interim dividend	15 September 2022
Record date for interim dividend	16 September 2022
Interim dividend payable	6 October 2022
Trading Update	24 November 2022

Investor relations

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Registrars

EQ

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* Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday, excluding bank holidays in England and Wales.

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intertek

Total Quality. Assured.

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