intertek

science-based customer excellence

for an ever better world

Annual Report
& Accounts 2022

intertek

strategic report

Book one

Intertek has a proven track record of delivering sustainable growth and value for all stakeholders which is testament to the strengths of our 5x5 differentiated strategy for growth.

We are pleased to share with you our Annual Report & Accounts in a unique, three-book format:

Book one - Strategic Report
Book two - Sustainability Report
Book three - Financial Report

These separate, but connected books, with their interconnected themes and narratives, allow us to present what we achieved in 2022 in a systemic, end-to-end architecture.

They have been designed to make it easier for our stakeholders to fully understand our business, how we bring quality and safety to life, what we offer our clients and society, and the opportunities we have ahead of us.

The three books, which allow us to present our work in 2022 to you through the three important lenses of growth opportunities, sustainability goals and financial performance, should be read together to form our Annual Report & Accounts 2022.

Look out for these throughout the report:

- Reference to another page in the report or to an external web page
- Intertek Sustainability Disclosure Index
- Online Review 2022

Visit our website for more information

intertek.com

this report

strategic report

Where we discuss our growth opportunities and strategic performance.

Book one

sustainability report

Where we discuss our environmental, social and governance progress.

Book two

financial report

Where we record our financial activities, performance and position.

Book three

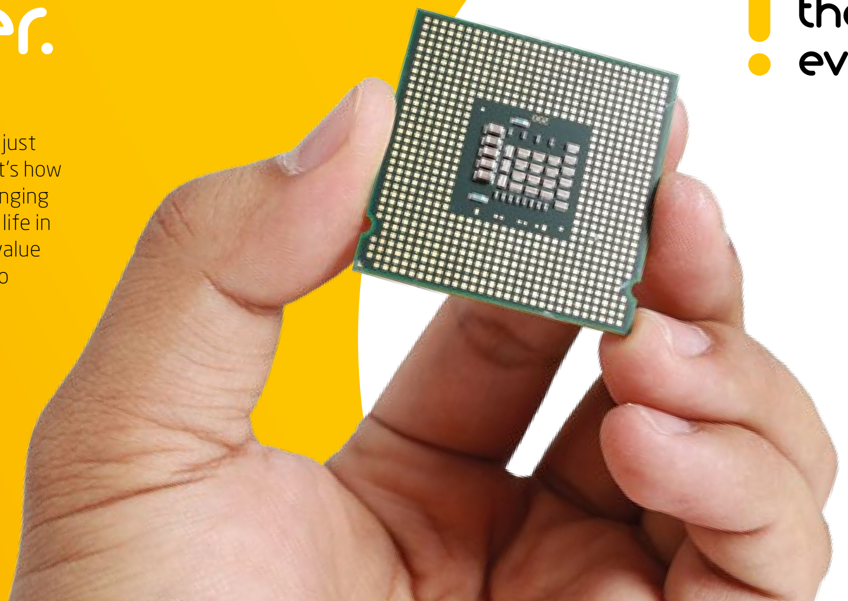
science-based customer excellence is our differentiator.

it enables us to be at the forefront of the world's most critical and exciting industries, doing amazing things to help businesses everywhere become ever better.

It's the science behind what we do that drives the customer excellence advantage. The intelligence and expertise of our network of Total Quality Assurance Experts, combined with a drive for continuous improvement, and data-driven innovation, gives our customers the solutions they need to power ahead with confidence.

As proven industry experts, it's not just what we do that makes us unique, it's how we do it. We are a force for good bringing quality, safety and sustainability to life in more than 100 countries, creating value for all our stakeholders now and into the future.

see how we're making the world ever better



making the world ever better by advancing artificial sight

Medical device companies face multiple challenges as they work to get safe and effective products to market. From contamination and stability issues to failure resolution and quality control. Our medical device testing experts help resolve these issues through scientific solutions based on more than 30 years of experience in materials science and mechanical and chemical testing.

Our commitment to Science-based Customer Excellence accelerates our customers' product development and enables smoother regulatory submissions and approvals. We support customers through the entire product lifecycle – from clinical research, product development and regulatory submission, through to production. It's an approach that's tangibly making the world a better and a safer place.

Ensuring the safety of an innovative visual implant

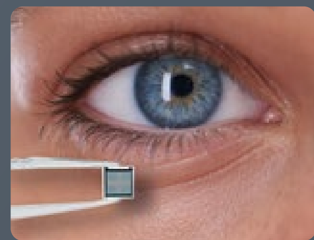
The recent Visual Prosthesis initiative we supported in the US is the culmination of decades of research dedicated to providing artificial sight to blind people.

Our Medical Device team in Massachusetts was engaged to carry out the regulatory testing needed to demonstrate the device's safety, so we conducted a design review of the implant and applicator and undertook EMC safety testing to the IEC 60601-1 standard. The prosthesis was approved by the U.S. Food and Drug Administration and surgically implanted in the first participant, as clinical trials commenced.

Following the trials, and after further evaluation and regulatory approval – which will also be supported by Intertek – our customer will design and test a new unit for use at home by trial subjects.

An engagement of this length and depth is a regular scenario for us, as many breakthrough medical products go through various stages of development before they get to market. In some cases, we work with clients for many years before final regulatory approval.

Our customer was extremely grateful for our support, acknowledging that we enabled them to get to an incredibly exciting and important point, not just for the field of biomedical engineering but also for people with blindness around the world.



you'll be amazed where you find intertek

Find out more about our medical device testing expertise

fuelling innovation in aviation

Intertek Caleb Brett is a global leader in testing and inspecting petroleum, chemical and biofuel cargoes. Across nearly 400 sites worldwide, we deliver 24/7 independent quantity and quality inspection and laboratory testing services.

Our expertise in scientific and analytical assessment supports the entire supply chain for biodiesel, ethanol, biomass and other biofuels, providing quality and safety solutions to a wide range of industries. Drawing on our bedrock of Science-based Customer Excellence, our inspectors and chemists deliver data-driven insight, innovation and continuous improvement to refiners, producers and blenders, distributors, consumers and research institutes.

Ground-breaking sustainable jet fuel
For more than a decade, we have been helping SkyNRG develop a robust Total Quality Assurance programme to provide their customers with sustainable jet fuel that's just as reliable and safe as traditional petroleum Jet A1 fuel.

In the aviation industry, building confidence and assuring the highest possible safety and quality is essential for a new commodity like sustainable jet fuel. We were delighted to play such an important role in the quality control of the fuel used in the first sustainable (bio) jet fuel flights.

Following recent amendments to the ASTM D-7566 specification for describing aviation turbine fuels and ensuring the quality of synthetic blending components, regular flights using sustainable jet fuel are now possible. The testing and inspection services we deliver across the world now include testing the 100% pure sustainable (bio) jet fuel component, along with the final 50% blend with petroleum jet fuel used for commercial flights.

you'll be amazed where you find intertek

Find out more about our fuel quality and inspection services

using our scientific expertise to protect biodiversity

Intertek is an industry leader in the Assurance, Testing, Inspection and Certification sector for agriculture, propelled by our unmatched dedication to Science-based Customer Excellence to help shape an ever better world. Intertek AgriWorld offers clients a broad selection of services in environmental analysis and monitoring, from waste water, agricultural water, soils, noise, air quality, through to emissions into the atmosphere, as well as food and water for human consumption.

Protecting Peru's aquaculture and marine macroalgae

It's because our clients trust us to ensure quality, safety and sustainability across their entire value chain that, for the third time since 2016, Intertek Peru has been awarded the Programme for Surveillance and Control of Fishing and Aquaculture Activities at National Scope.

This involves working with Peru's Ministry of Production and National Fisheries on surveillance and control related to aquaculture activities, as well as supervising the extraction, collection, transport and processing of marine macroalgae.

These are very important hydro-biological resources with high ecological, economic and social value, acting as a habitat and refuge for many marine species as well as absorbing CO_2 and producing oxygen. For this reason, Peruvian legislation allows only the collection of naturally stranded macroalgae to avoid over-exploitation.

There are more than 200 varieties of species of macroalgae in Peru, used for purposes such as protein food, and as gelling, thickening and stabilising compounds for the pharmaceutical, wine and textile industries.

Collection, under Intertek's supervision, represents a vital economic activity, especially in the southern part of Peru where large areas of macroalgae directly generate employment.

We are proud to operate a surveillance programme that protects biodiversity by eliminating illegal fishing as well as the illegal extraction of macroalgae. It's delivering support to the environment and protecting the ecosystem of macroalgae, both in Peru and across the world.

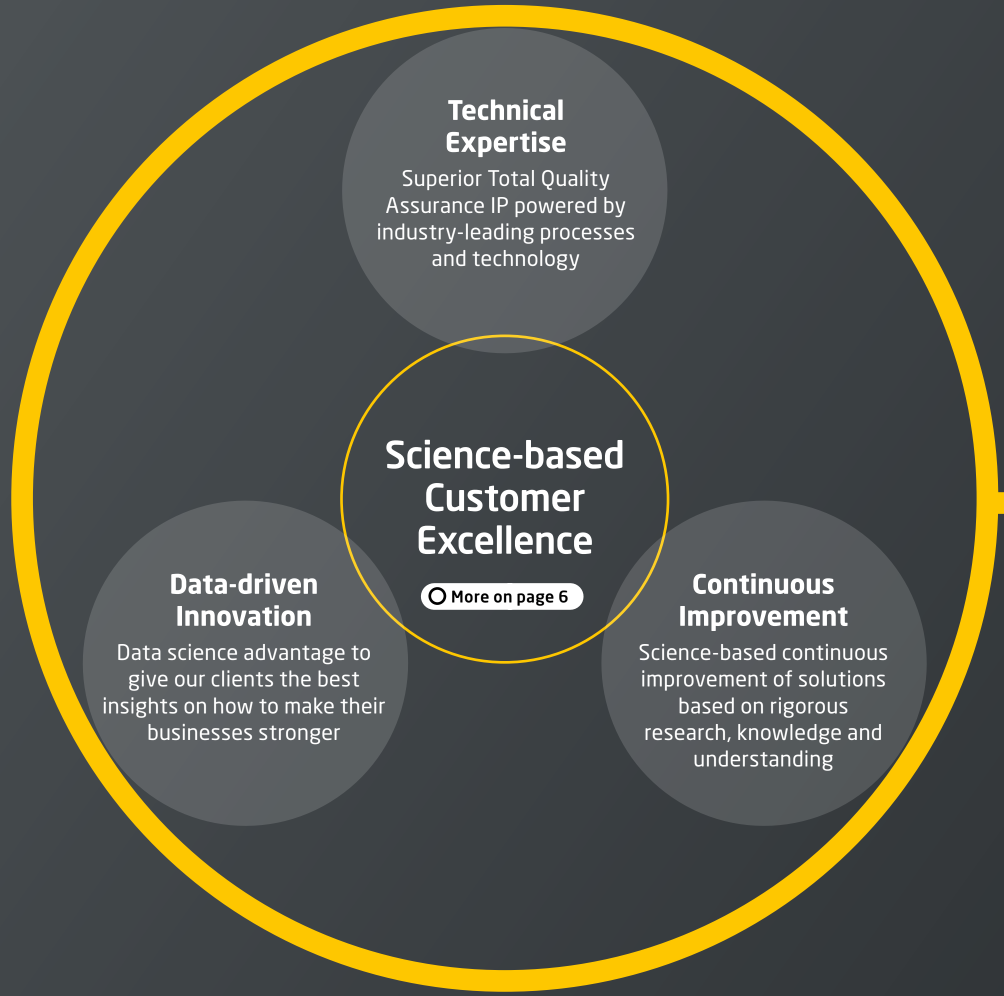
you'll be amazed where you find intertek

Find out more about our Agri Services

Chief Executive Officer's letter

The Science-based Customer Excellence Advantage

André Lacroix
Chief Executive Officer



Chief Executive Officer's letter Continued

Intertek at its core is a network of science-based, highly technically skilled individuals and teams who are dedicated to helping businesses become ever better."

The Science-based Customer Excellence Advantage

At Intertek we work together to make the world a better and safer place for everybody, delivering on our vision of being the world's most trusted partner for Quality Assurance.

What our people do every day is amazing, delivering on our purpose of bringing quality, safety and sustainability to life, not just for our 400,000+ clients in more than 100 countries worldwide, but also for their many millions of customers and stakeholders.

During the year, we continued to innovate and provide customers with the mission-critical solutions they need through our unique Assurance, Testing, Inspection and Certification ('ATIC') service offering.

As a world leading Total Quality Assurance ('TQA') provider, we enable global and local businesses to overcome the complex quality, safety and sustainability challenges they face to give them the peace of mind they need to focus on their growth agenda.

Our superior customer service is based on our 'Science-based Customer Excellence' approach that we have built up over many years, based on three essential components:

- **The first is about our science-based technical expertise.** It's our industry-leading processes and technology that ultimately enable us to build the world's best intellectual property ('IP') for delivering superior customer-focused TQA solutions.
- **The second is about science-based continuous improvement.** Our commitment to the principles of science-based continuous improvement means we always go back to the data. We do this to ensure the solutions we offer are invariably based on the best possible research, knowledge and understanding.
- **The third is about science-based innovation.** We continuously apply superior data-driven insights when creating and delivering end-to-end solutions for our clients. As a result, we can draw on our strong data-science advantage that ensures we deliver the best and most effective insights into how and where to improve their businesses.

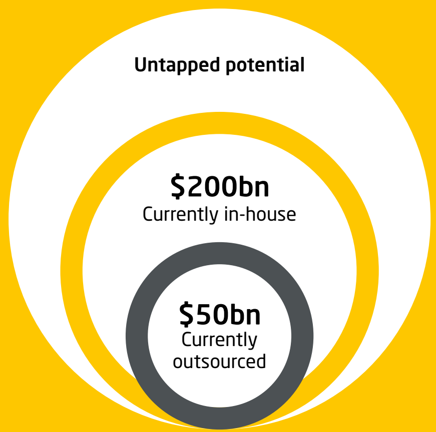
Our Science-based Customer Excellence approach is enabling us to build long-lasting and ever-closer relationships with our clients. This gives our clients the ATIC advantage that empowers them to make their businesses ever stronger, ever more resilient and ever more sustainable.

Ultimately, this is what continues to make us a quality leader in the highly attractive $250-billion global Quality Assurance market.

Global ATIC market

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

$250bn
Global ATIC market



Results in 2022

I would like to recognise all my colleagues for their commitment, passion and agility as 2022 marks another year of consistent value delivery with revenue and earnings in-line with expectations, demonstrating the strengths of our differentiated TQA value proposition, our Science-based Customer Excellence giving our clients the ATIC advantage, our unique end-to-end performance management approach and our high-quality growth earnings model.

We have a group of excellent businesses globally which performed well across 2022. In China, however, the Covid-related lock-down restrictions and consequent revenue headwinds faced in March-June did have an impact on our performance, as did the high level of Covid-related sickness we experienced in November-December, all of which have also impacted Group margins.

We have delivered a robust performance in 2022 with:

- Group revenue up 8% at constant rates and nearly 15% at actual rates
- LFL revenue growth of 4.9% at constant rates
- Adjusted operating profit up 4% at constant rates and nearly 10% at actual rates
- Robust adjusted operating margin of 16.3%
- Adjusted diluted EPS growth of 4.6% at constant rates and 10.6% at actual rates
- Statutory operating profit after SDI up 4.4% at actual rates
- Progress on ROIC at constant rates
- Unchanged full year dividend at 105.8p

Chief Executive Officer's letter Continued

Post Covid-19, the Quality Assurance market will grow faster as the demand for Quality Assurance solutions is expanding across all our business lines given the increasing stakeholder expectations in quality, safety and sustainability. Moving forward, we expect the attractive structural growth drivers in our industry to be augmented by an expansion in ATIC customers, a stronger focus by corporations on safer supply chains, greater corporate investments in innovation, a step change in sustainability management and reporting with independently verified disclosures, and significant growth opportunities in the World of Energy.

We are entering 2023 with confidence given the re-opening of China, which has been operating with normal staffing levels since the beginning of the year, the increased demand for our ATIC solutions, the strengths of our portfolio, our strong pricing power, our productivity and cost initiatives, as well as our cash flow discipline. We expect the Group will deliver mid-single digit LFL revenue growth at constant currency, with margin progression year-on-year, and a strong free cash flow performance.

We operate a differentiated, high-quality growth business with excellent fundamentals and intrinsic defensive characteristics, giving our customers the Intertek Science-based Total Quality Assurance advantage to strengthen their businesses. Our leading ATIC solutions are mission-critical for the world to operate safely and the growth in our end-markets is accelerating. We operate a high-performance earnings and cash compounder model which has generated 8% annual Total Shareholder Returns since 2012. We are well-positioned to deliver sustainable growth and value for all stakeholders in the short, medium and long term.

Financial highlights

- Revenue of £3,193m; +8.2% at constant rates; +14.6% at actual rates
- LFL revenue growth of 4.9% at constant rates: Products +3.9%; Trade +5.6%; Resources +7.9%
- Outside China LFL revenue grew 6.5% at constant rates: Products 5.5%, Trade 7%, Resources 8.5%
- Recent acquisitions JLA, SAI and CEA performing well, contributing £153.0m of margin accretive revenue in 2022
- Adjusted operating profit of £520m, up 3.8% at constant rates and up 9.7% at actual rates
- Robust adjusted operating margin of 16.3%, 70 bps lower at constant and actual rates; H2 margin of 17.8%
- Adjusted diluted EPS of 211.1p: up 4.6% at constant rates and up 10.6% at actual rates
- Adjusted free cash flow of £386m and a strong balance sheet with 1.1x net debt to EBITDA
- ROIC of 18.0%, up year-on-year by 20bps at constant rates and down 20bps at actual rates
- Sustainable returns to shareholders with full year dividend of 105.8p and dividend cover back to 2.0
- Cost reduction programme (£27m in SDIs) to streamline operations and deliver annual savings of £15m
- 2023 outlook: Mid-single digit LFL revenue growth, margin progression and strong free cash flow

£3,193m
Revenue
(2021: £2,786m)

£3,067m
Like-for-like revenue[1]
(2021: £2,761m)

£386m
Adjusted free cash flow[1, 2]
(2021: £402m)

£520m
Adjusted operating profit[1,2]
(2021: £474m)

£452m
Statutory operating profit
(2021: £433m)

18.0%
Return on Invested Capital[1]
(2021: 18.2%)

16.3%
Adjusted operating margin[1,2]
(2021: 17.0%)

14.2%
Statutory operating margin
(2021: 15.5%)

105.8p
Dividend per share[3]
(2021: 105.8p)

211.1p
Adjusted diluted EPS[1,2]
(2021: 190.8p)

178.4p
Statutory diluted EPS
(2021: 177.9p)

1. Definitions of the alternative performance measures, metrics and constant rates can be found in Book three, page 61.
2. Adjusted operating profit, adjusted operating profit margin, adjusted diluted earnings per share ('EPS') and adjusted free cash flow are non-GAAP measures. Adjusted measures are stated before Separately Disclosed Items, which are described in note 3 to the financial statements in Book three, page 11. Reconciliations between statutory and adjusted measures, as well as return on invested capital and cash conversion, are shown in the Financial review.
3. Dividend per share for 2022 is based on the interim dividend paid of 34.2p (2021: 34.2p) plus the proposed final dividend of 71.6p (2021: 71.6p).

Chief Executive Officer's letter Continued

Strategic highlights

We are purpose-led and passionate about making the world a better place, bringing quality, safety and sustainability to life.

We provide a superior customer service with our ATIC solutions, and Science-based Customer Excellence is our competitive advantage.

Stakeholders' expectations in a post Covid-19 world in terms of quality, safety and sustainability are higher, making the case for our risk-based Quality Assurance solutions stronger.

Our approach to value creation is based on the compounding effect of margin-accretive revenue growth, strong cash generation and disciplined investment in growth. This has delivered an 8% annual to Total Shareholder Return since 2012.

We are well positioned to continue to deliver sustainable growth and value for all our stakeholders.

Sustainability highlights

Continuous progress on Health and Safety with a reduction of 7bps in our Total Recordable Incident Rate vs 2021.

Since 2015, we have used the Net Promoter Score ('NPS') process to listen to our customers and conduct on average 5,400 interviews each month which has enabled us to improve our customer service over the years consistently.

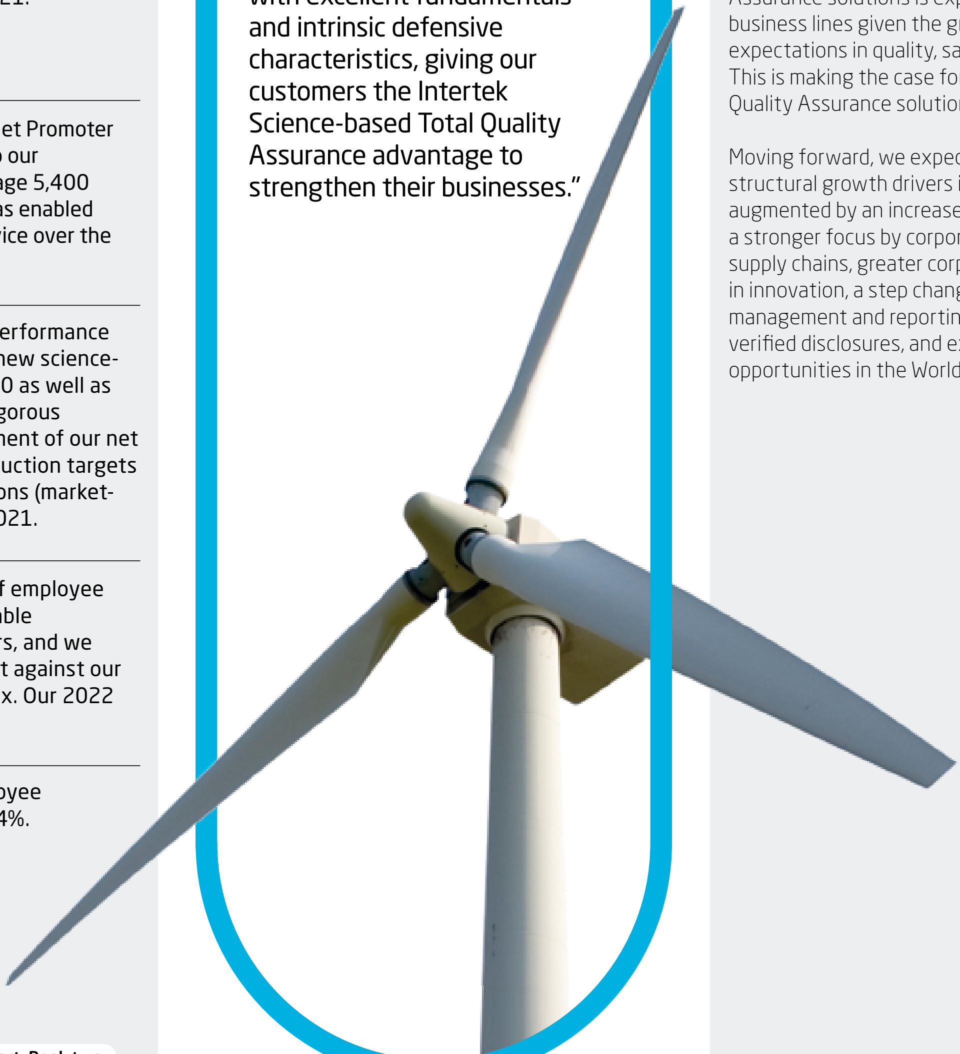
We are driving environmental performance across our operations through new science-based reduction targets to 2030 as well as site-by-site action plans. Our rigorous monthly performance management of our net zero plans against emission reduction targets has delivered total CO_2e emissions (market-based) reductions of 7.8% vs 2021.

We recognise the importance of employee engagement in driving sustainable performance for all stakeholders, and we measure employee engagement against our Intertek ATIC Engagement Index. Our 2022 score was 80%.

Our voluntary permanent employee turnover was at a low rate of 14%.

Read more in our Sustainability Report, Book two

"We operate a differentiated, high-quality growth business with excellent fundamentals and intrinsic defensive characteristics, giving our customers the Intertek Science-based Total Quality Assurance advantage to strengthen their businesses."



Exciting growth opportunities ahead

The Quality Assurance market is growing faster post Covid-19 as the demand for Quality Assurance solutions is expanding across all our business lines given the growing stakeholder expectations in quality, safety and sustainability. This is making the case for our unique risk-based Quality Assurance solutions stronger.

Moving forward, we expect the attractive structural growth drivers in our industry to be augmented by an increase in ATIC customers, a stronger focus by corporations on safer supply chains, greater corporate investments in innovation, a step change in sustainability management and reporting with independently verified disclosures, and exciting growth opportunities in the World of Energy.

Chief Executive Officer's letter Continued

World of Energy Powering the future

Our World of Energy business brings together more than 135 years of energy industry expertise, proactive innovations and broad-based specialist services.

Energy companies are facing enormous challenges as the world transitions to a sustainable future. These challenges are compounded by the need to ensure operational efficiency, maximise quality, minimise risks and costs and improve safety. More than ever, companies are seeking experts to help them proactively prepare for and overcome challenges, seize opportunities, maintain budgets and project timelines. Intertek World of Energy supports these companies as they pursue decarbonisation targets and advance to energy transition.

With energy in our DNA, Intertek is an unwavering partner to the energy industry – from traditional sectors such as oil & gas, petrochemical, LNG and fossil-fuels to wind, solar, hydro, energy storage, synfuels, biofuels, carbon capture and hydrogen. That's why we are a trusted energy partner – with the vision, experience, scientific know-how, tools and processes to deliver peace of mind through adaptive and systemic end-to-end Total Quality Assurance solutions.

Our extensive network of energy industry experts consistently delivers the broad portfolio of proactive and unique solutions our clients need to help them navigate the shift to sustainable power and join the energy revolution.

intertek.com/worldofenergy

Sustainability at the heart of everything we do

Sustainability is the movement of our time and is central to everything we do at Intertek, anchored in our strategy, our Purpose, our Vision and our Values.

Sustainability is important to all stakeholders in society who are consistently demanding faster progress and greater transparency in sustainability reporting. Companies everywhere therefore continuously need to upgrade and reinvent how they manage their sustainability agenda, particularly with regard to how they disclose their performance.

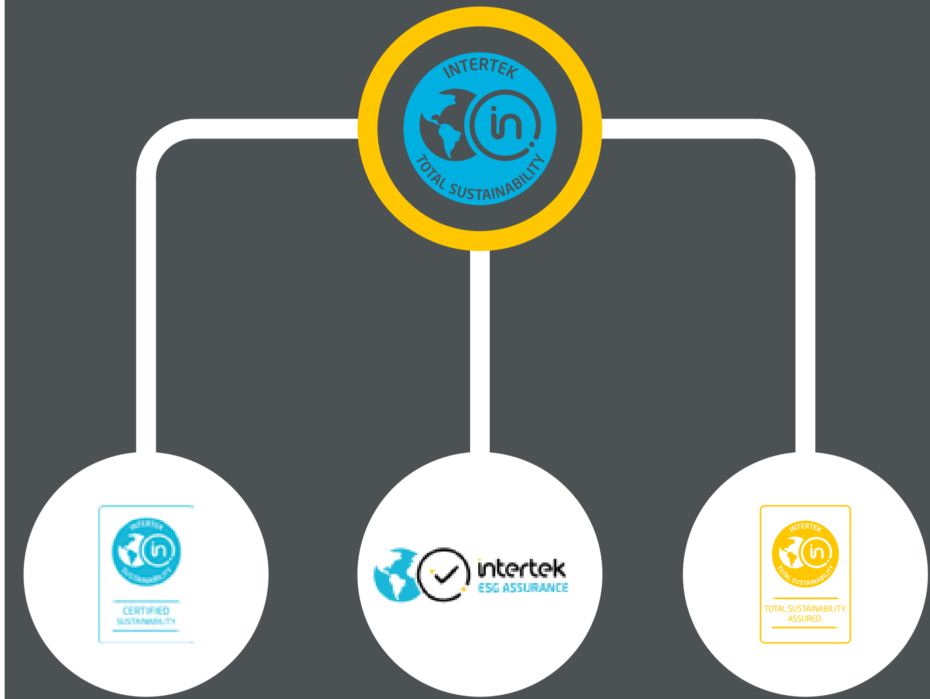
This is why, under our global TSA programme, we provide our clients with proven independent, systemic and end-to-end assurance on all aspects of their sustainability strategies, activities and operations.

The TSA programme comprises three elements:

- Intertek Operational Sustainability Solutions
- Intertek ESG Assurance
- Intertek Corporate Sustainability Certification

Total Sustainability Assurance

TSA is a global programme that leverages our footprint in over 100 countries and covers all industries. We have built a team of sustainability experts in every major region, who can help with both a global and local perspective. (Read more about how we help our clients meet their sustainability goals in the Sustainability Report, Book two, pages 17-23)



Intertek Operational Sustainability Solutions enable companies to understand, achieve and validate their existing and emerging sustainability goals for their products, assets, facilities, systems, processes and the environment.

Providing independent verification of sustainability disclosures and reporting, Intertek ESG Assurance enables companies to identify areas of risk and impact, define their sustainability strategies and prepare ESG reports.

Intertek Corporate Sustainability Certification covers topics from Quality and Safety to the Environment and Communication & Disclosure, enabling clients to verify their corporate sustainability performance across the 10 most essential corporate sustainability subject areas.

Chief Executive Officer's letter Continued

Sustainability Excellence at Intertek

For ourselves at Intertek, we focus on our 10 highly demanding TSA sustainability standards which are truly end-to-end and systemic. You can see our sustainability highlights regarding our progress on Health and Safety, environmental performance, customer and employee engagement and turnover on page 8, and read in detail about our sustainability results in our 2022 Sustainability Report, Book two.

Read more in our Sustainability Report

Sustainability credentials

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

MSCI ESG RATINGS AAA — In 2022, Intertek received a rating of 'AAA' in the MSCI ESG Ratings assessment.

We are a Living Wage Employer — Intertek is an accredited Living Wage Employer in the UK.

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

The Valuable 500 — Proud member of the Valuable 500.

Our 5x5 strategy

Implementing our 5x5 differentiated strategy for growth

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

Our goals

Our 5x5 differentiated strategy is designed to help us achieve five goals:

1. Fully engaged employees working in a safe environment;
2. Superior customer services across all our Assurance, Testing, Inspection and Certification solutions;
3. Margin-accretive revenue growth based on GDP+ organic growth;
4. Strong cash conversion from our operations; and
5. An accretive, disciplined capital-allocation policy.

Our strategic priorities

Our strategic priorities – through which we will sustain and further extend our global leadership position – are:

Differentiated brand proposition positioning us as leader of the global TQA market

Superior customer service making us the most trusted and respected TQA partner

Effective sales strategy continuously improving our margin-accretive revenue growth

Growth and margin-accretive portfolio prioritising investments with high-growth and high-margin prospects

Operational excellence our 'Ever Better' approach continuously improves efficiency and productivity

Our strategic enablers

The fact that we have consistently and demonstrably delivered against all these priorities reflects the power of our five strategic enablers:

Living our customer-centric culture

Disciplined performance management

Superior technology

Energising our people

Delivering sustainable results

Chief Executive Officer's letter Continued

Investing in growth with customer-led innovation

True to our pioneering spirit, throughout the year, we continued to innovate to meet the emerging needs of our customers.

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

We believe that successful innovation starts with investing in the insight advantage, which means having a deep understanding of what our customers need and want. Through our NPS programme, we carry out 5,400 customer interviews every month. With the ability to access world-class customer intelligence site-by-site from anywhere across our global network, we have a continuous stream of data that enables us to build on our insights and use this to develop new ATIC solutions.

In September, for example, we launched a new certification mark that aims to give consumers transparency regarding the claims made by the manufacturers and marketers of vegan foods. This is a timely introduction given the exponential global growth in the number of consumers who are exploring a plant-based diet as part of a healthier lifestyle with a reduced environmental impact.

Further examples of sustainability-related innovation include the launch of Intertek EcoCheck, a tourism solution that audits management systems and provides a carbon footprint calculation. This enables our clients to demonstrate tangible action to reach their carbon targets.

ToxClear, meanwhile, supports the development of more sustainable supply chains in the fashion industry by enabling brands and suppliers to achieve transparency and traceability on the chemicals used in manufacturing.

Another innovative new launch is designed to help retailers and brands of soft goods, hard goods and personal protective equipment to understand and comply with the different regulations in force in different markets across the world. This is Global Market Access, a one-stop digital knowledge portal, developed with the aim of increasing compliance for improved consumer safety and protecting corporate reputations in today's interconnected world.

Among many other initiatives and highlights, we also celebrated the first anniversary of our innovative Minerals Global Centre of Excellence in Perth, Australia. This pioneering facility aims to help mining and exploration companies produce the future-focused commodities that are becoming increasingly essential in enabling a more sustainable world.

One of the world's largest and most advanced minerals laboratories, the Centre's achievements to date are already impressive. These include processing more than 3 million samples, including 1 million PhotonAssay™ samples to facilitate the faster and more environmentally friendly analysis of gold. This work alone has eliminated 625 tonnes of hazardous lead waste and reduced CO_2 emissions by 460 tonnes. I applaud the team at the site for its work on helping customers achieve greater innovation, efficiency, sustainability and safety.

Other enhancements to existing solutions included the creation of new and improved features for our Inlight solution, which enables organisations to manage increasingly complex risks in the supply chain.

5,400

customer interviews every month through our NPS programme

460

tonnes of CO_2 eliminated from our analysis of gold

Read more about our Minerals Global Centre of Excellence on page 20

Chief Executive Officer's letter Continued

Seizing new ATIC growth opportunities through strategic acquisitions

We are also targeting inorganic investments with attractive M&A opportunities that strengthen our ATIC portfolio in high-margin, high-growth areas.

Our acquisition of Clean Energy Associates ('CEA'), a market-leading provider of Quality Assurance ('QA'), supply-chain traceability and technical services to the fast-growing solar energy sector, illustrates this clearly. The long-term, structural trend towards decarbonisation, energy sustainability and security means the solar energy sector is on track to be the world's largest source of renewable energy-generation by 2030. The CEA acquisition empowers the expansion of our sustainability service offering in the fast-growing QA market for the sector.

Two of our previous acquisitions – of SAI Global Assurance and JLA Brasil Laboratório de Alimentos S.A. – have also both proven during the year to be excellent examples of complementary businesses.

Collectively, these three businesses, all recently integrated into the Group, delivered £153.0m of margin accretive revenue during the financial year.

In action

Supporting the drive for clean energy through new acquisitions

Clean Energy Associates ('CEA') is a market-leading provider of Quality Assurance, supply chain traceability and technical services to the fast-growing solar energy and energy storage sectors.

As the energy transition accelerates and companies re-invent the way they manage their sustainability agendas, the growth opportunities within the World of Energy are multiplying. With solar power expected to become the largest source of renewable energy globally, our acquisition of CEA presents a compelling strategic fit and an opportunity to expand Intertek's service offering within the World of Energy. CEA will also benefit from Intertek's global network and customer base, enabling us to bring our Total Quality Assurance solutions for solar photovoltaic ('PV') and energy storage products and installations into new geographies.

Headquartered in the US, CEA serves as a trusted partner to some of the world's leading solar project developers, owners and financiers, providing a range of services across the value chain.

These services include in-line production monitoring and Quality Assurance, supply chain management and traceability, as well as technical support to solar PV and energy storage projects.

Combined with Intertek's comprehensive existing solar energy service offerings in product testing and certification and in-field inspections, this acquisition creates a truly end-to-end service offering to support customers on their decarbonisation and energy sustainability journeys.

For more information visit: cea3.com

People at the heart of our purpose-led culture

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

We have a highly disciplined approach to performance management, and this powers our operational excellence and continuous improvement. Our commitment to excellence involves the constant measurement of our progress against a range of operational metrics, using data intelligence to continuously gauge and understand our customer-service levels and turnaround times.

This approach, along with our unwavering focus on quality at every site, is crucial to our ability to deliver constant improvement, underpinning our operational and Health and Safety excellence to ensure that our customers always receive a superior service.

Ultimately, of course, our ability to do this comes down to the energy and commitment of our 43,500 people across the world. These science-based individuals and teams, all highly technically skilled, constantly strive to go beyond what our clients expect of them.

I believe that our performance over the last three years of extreme disruption underlines the importance of our people's unwavering commitment to giving our clients the peace of mind they seek, in turn giving us the right to call Intertek 'an amazing force for good' in the world.

Chief Executive Officer's letter Continued

Science-based Customer Excellence for an ever better world

We are a high-quality growth business delivering value for all stakeholders, with excellent fundamentals in customer service, ATIC demand, margin management, capital allocation discipline, and operating culture.

We are well positioned to continue to deliver sustainable growth and value for all our stakeholders.

Intertek's approach to value creation is based on the compounding effect, year after year, of margin-accretive revenue growth, strong cash generation and disciplined investment in growth. This approach has delivered an 8% annual Total Shareholder Return since 2012.

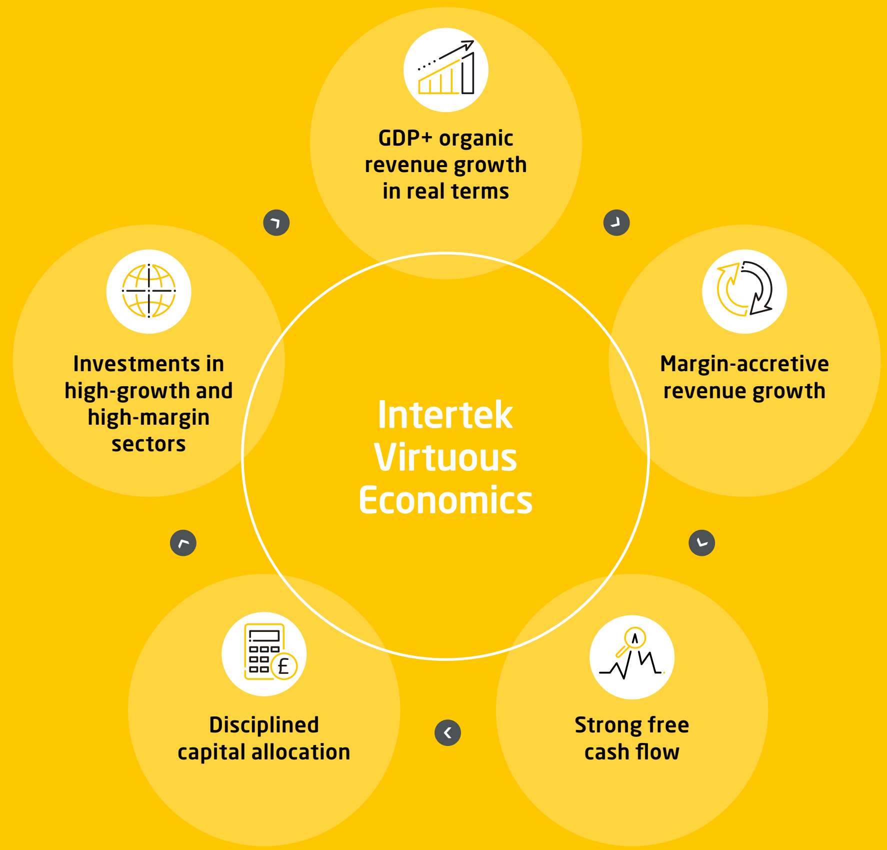
We provide a superior customer service with our ATIC solutions, and Science-based Customer Excellence – in terms of technical expertise, continuous improvement and innovation – is our competitive advantage. We measure our customer service with circa 5,400 interviews a month and work continuously at becoming ever better with both process improvements and industry-leading innovations. That's why we operate with a very high customer retention.

From an ATIC demand standpoint, stakeholders' expectations in a post Covid-19 world in terms of quality, safety and sustainability are higher, making the case for our risk-based Quality Assurance solutions stronger. That's why we expect the higher demand for our ATIC solutions to drive a higher organic growth post Covid-19.

High quality earnings model

Our high-margin, cash-generative earnings model is at the core of what makes us successful. It is based on the delivery of our unique TQA value proposition. The profitable delivery of ATIC services to customers operating in the structurally attractive Products, Trade and Resources sectors is dependent on our capital-light business model and entrepreneurial and Customer 1st culture, which also enables us to respond quickly to new growth opportunities.

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



Margin-accretive revenue growth is central to the way we deliver value. It starts with our portfolio that targets organic and inorganic investments in attractive growth and margin sectors. We have established over the years a continuous improvement performance approach at every layer of the organisation to control costs and drive productivity improvement. That's why we expect margin progress moving forward.

Our strong focus on cash management has stepped up our free cash flow performance over the years enabling us to invest in growth, reward our shareholders with a progressive dividend policy targeting a 50% pay-out and operate with a strong balance sheet giving us the firepower to invest in M&A. This is what we mean by disciplined capital allocation.

At Intertek, we are purpose-led and we are all passionate about making the world a better place, bringing quality, safety and sustainability to life. We are a growth-oriented Company attracting, developing and retaining the best talents in the industry.

We operate a differentiated, high-energy, people-centric culture focussed on delivering sustainable value for all stakeholders: Science-based Customer Excellence for an ever better world.

André Lacroix
Chief Executive Officer

Our business model

how we apply our skills, scientific knowledge, resources and relationships to create value

1. Who we are

We are passionate about our purpose and committed to being ever better. Our people are guided by science, and sustainability is central to everything we do.

More on page 15

2. What we do

Intertek's unrivalled Total Quality Assurance is delivered consistently with precision, pace and passion. Science-based Customer Excellence is what makes us different.

More on page 16

3. Our sectors

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

More on page 18

4. How we do it

The industry-leading solutions we provide are delivered with an unwavering commitment to our customers and by investing in our global network.

More on page 19

5. The value we create

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

More on page 21

Our business model Continued

1 Who we are

We are passionate about our purpose and 'Doing Business the Right Way'. We strive to make the world a better, safer and more sustainable place for all, now and for future generations.

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

Our Purpose
Bringing quality, safety and sustainability to life.

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

Ever better

As a company we are committed to becoming ever better in everything we do. That means more than simply seeking ways to constantly improve our operations for enhanced efficiency and effectiveness. It means investing in our Science-based Customer Excellence approach to provide superior services, enabling our 400,000+ clients to become ever better too.

Our people, culture and values

Our core strength is, and always will be, our people. We are guided by science, and it's the way our colleagues combine passion and innovation with customer commitment that sets us apart.

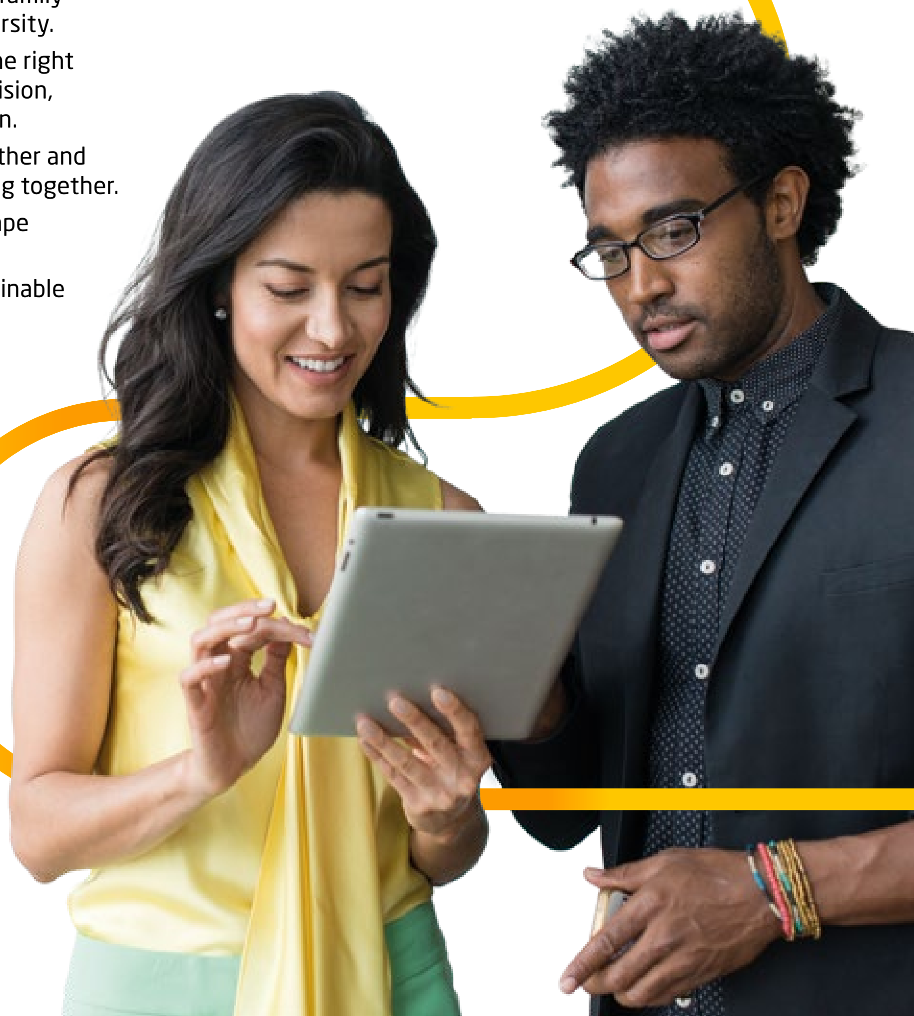
Our decentralised operating culture is built around strong values. These are inspirational and help us to drive sustainable growth for all. They guide our behaviours every single day, underpinning the way we work, guiding decision making and connecting colleagues across the world.

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

More in Book two, page 10.

Our Values

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



Our business model Continued

2 What we do

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

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

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

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

Our ATIC services

Assurance

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

Assurance goes beyond testing, inspection and certification to look at the underlying elements that make a company and its products successful. Intertek's assurance solutions provide total peace of mind to our clients that their operating procedures, systems and people are functioning properly to provide competitive advantage.

Our extensive auditing, performance benchmarking and supply chain services provide insight into every aspect of a company's operations, enabling informed business decisions. Our training services ensure workforce competencies are current and relevant. Our experts around the globe bring their knowledge to clients on assessing overall performance, the quality and productivity of laboratories, identifying and mitigating risks, streamlining manufacturing processes and supply chains, and so much more.

intertek.com/assurance/

Testing

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

Intertek's testing services support the quality, performance, regulatory compliance, safety, benchmarking, evaluation, validation, analysis, and other requirements for products, components, raw materials, sites, and facilities.

Our field and in-house laboratory testing services provide the data our clients need to optimise the production process and get products to market quickly and economically.

Our experts and global resources are equipped to meet testing, timelines and product needs. As regulations change and technology is created or innovated, our knowledge and industry expertise ensures products and businesses are prepared to meet evolving demands.

intertek.com/testing/

Inspection

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

Independent third-party inspections help our clients around the world protect their financial, branding and legal interests throughout the entire supply chain. We offer inspection services to manufacturers, retailers, traders, plant operators, governments and other buyers and sellers of materials and products.

Inspections help minimise the risk of defective products by ensuring they meet both customer standards and industry and government regulations. This serves to protect business interests, help manage risk and ensure quality products are manufactured and delivered to their final destination at the correct specifications.

Our experienced inspectors help identify products and shipments which may contain non-standard or non-compliant components and materials. We also support the life management of facilities such as power plants and oil refineries.

intertek.com/inspection/

Certification

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

Intertek maintains extensive global accreditations and is recognised for our testing and certification services.

With both international and local proficiency, Intertek brings the qualifications customers need to get products in front of the right eyes. We offer certification programmes that achieve market entry into a variety of global destinations, programmes for a more eco-friendly environment and programmes to verify social accountability compliance for companies and their suppliers.

We help clients showcase and maintain products' safety and performance. Our leadership and expertise in regulatory standards and certifications keep clients ahead of changes and challenges, and our knowledge of the process from sourcing to market position creates efficient, cost-effective solutions that meet best industry practices.

intertek.com/certification/

Our business model Continued

Most trusted partner for Quality Assurance
Our leading ATIC solutions are mission-critical for the world to operate safely. To become the most trusted partner for Quality Assurance our science-based TQA Experts strive to exceed customer expectations with end-to-end quality, safety and sustainability solutions. This sets us apart. Our clients can rely on the consistent quality and accuracy of our work and the speed of our response, as we deliver rapid and accurate feedback.

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

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

Our business model Continued

3 Our sectors

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

Products

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

More on page 34

£2,024m
Revenue
(63% of Group) 15.3% at actual rates, 8.5% at constant rates

£427m
Adjusted Operating Profit
(82% of Group)

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

Trade

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

More on page 38

£636m
Revenue
(20% of Group) 10.5% at actual rates, 5.6% at constant rates

£58m
Adjusted Operating Profit
(11% of Group)

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

Resources

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

More on page 40

£533m
Revenue
(17% of Group) 17.0% at actual rates, 10.3% at constant rates

£35m
Adjusted Operating Profit
(7% of Group)

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

Our business model Continued

4 How we do it

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

But it's not just what we do that makes us unique, it's how we do it. Our expertise is guided by science and delivered with an unwavering commitment to our customers. Regular customer engagement is an essential factor. Around the world, every month we carry out 5,400 customer interviews through our Net Promoter Score ('NPS') programme, which measures the percentage of customers likely to recommend our services. This is a valuable tool in helping us to understand our customers and deliver superior service at every Intertek site.

With 43,500 employees in our global network, based in more than 100 countries, we keep close to our customers and understand their challenges.

Our global network

1,000+
Laboratories and offices

3,000
Auditors

100,000+
Audits

43,500
Employees

100+
Countries

100+
Languages

Our business model Continued

Our science-based TQA Experts provide clients with innovative ATIC solutions in our industry-tailored Centres of Excellence. Examples include:

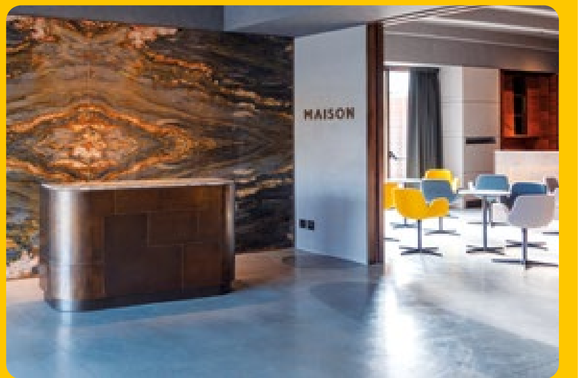
Minerals Global Centre of Excellence in Perth, Western Australia

A technology and innovation centre with a focus on automation and sustainability to provide our Minerals clients with faster, safer, higher quality, and more efficient analytical solutions. Located in Perth Australia, a key hub for the minerals and mining industry, this state-of-the-art lab gives our customers access to trusted expertise across the minerals supply chain.

intertek.com/minerals/centre-of-excellence/

Maison Centre of Excellence in Florence, Italy

Based in Lastra a Signa, the heart of Italy's garment manufacturing district, Intertek's Maison Centre of Excellence is our innovative experiential space and adjacent world-class lab where science meets luxury. Bringing together – virtually or face-to-face – our industry experts, forward-thinking luxury and fashion brands, industry leaders, academics and a host of textile industry participants to collaborate and take bold new ideas and turn them into reality.



intertek.com/maison/

Electric Vehicle ('EV') Centre of Excellence in Milton Keynes, UK

Our EV Centre of Excellence testing facility supports manufacturers to develop next-generation electric propulsion systems, from high-speed motor testing to full vehicle validation capabilities.

Our global network of automotive testing facilities can support manufacturers and suppliers with a wide portfolio of bespoke solutions and capabilities, such as engine and hybrid testing, EV fluids, and fuel, additive and lubricant testing.

intertek.com/automotive/electric-vehicle-centre-of-excellence/

> "At Intertek we bring Science-based Customer Excellence to life every day, providing insightful, reliable solutions that meet the ever-evolving needs of our customers."

Our business model Continued

5 The value we create

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

To understand how we engage with our stakeholders, and how the Board oversees that engagement, please see our Section 172(1) statement on page 58.

Customers

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

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

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

How they have benefitted in 2022
- Communication, partnership and 24/7 support
- Fast development of innovative risk-based solutions
- Physical and virtual delivery of TQA solutions and Intertek Academy training
- Training and webinars from all business lines, covering all industries
- Digital customer portals for improved efficiency, productivity and visibility
- Digital directories providing our clients' customers with access to product and supply chain information

Read more about Customers in Book two, pages 17-23

People

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

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

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

How they have benefitted in 2022
- Consistent performance management approach, talent development and growth planning
- '10X Leadership' development events and '10X Coaching' for executives
- Training sessions on '10X Energies'
- Extensive learning and development material through new LUCIE website
- Engaging employee communication channels
- Deeper support via wellbeing resource 'Kindness'
- Global implementation of Fusion HR portal

Read more about our People in Book two, pages 10-16

Investors

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

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

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

How they have benefitted in 2022
- Stock exchange announcements, including financial results
- Investor roadshows, participation in investor conferences
- Meetings and calls
- Annual General Meeting
- Annual Report, ESG Reporting Index
- Shareholder information on intertek.com
- Improved Investor section on intertek.com

Visit our investor website intertek.com/investors

Our business model Continued

Communities

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

Why they are important to us

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

How we engage

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

How they have benefitted in 2022

- Support for and partnerships with charities and NGOs
- Focused activities to improve local communities and environments
- BBEB.com platform to share impactful stories and inspire positive change in the world

Read more about our Communities in Book two, pages 30-33

Government and regulators

Governments and regulators expect compliance with all global, regional and local regulation, responsible business practices and collaboration on the transition to net zero.

Why they are important to us

'Doing Business the Right Way' is part of who we are. As a responsible business, we are dedicated to engaging positively with governments and regulators to support our communities and comply with global, regional and local regulations.

How we engage

We interact with trade associations and governmental authorities to provide input into industry and regulatory improvements in product safety, quality and risk assurance. Interactions with governments, governmental authorities or regulators are reviewed by our Group Legal & Risk functions to ensure we comply fully with all laws and regulations.

How they have benefitted in 2022

- Our businesses' economic and tax contribution to governments and communities supports the basic infrastructure of society

Read more about Government and Regulators in Book two, page 34

Read more about our employees' perspective on our culture in Book two, page 46.

Our business model Continued

The UN SDGs

Long-term impacts

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

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

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

In 2022, we have continued to look at how the UN SDG targets are associated with individual goals and how our activities can help achieve these targets. We continue to focus primarily on the six most relevant SDGs to the Group.

More on our activities can be found in Book two, pages 5-35

Good Health and Wellbeing

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

Affordable and Clean Energy

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

Quality Education

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

Decent Work and Economic Growth

Our daily operations provide direct, indirect and induced employment for over 43,500 people across 100 countries. We provide training and development opportunities in safe, secure working environments, graduate and apprentice opportunities, programmes for young people experiencing difficulties securing employment, offer equal opportunities to all and value diversity among our employees.

Gender Equality

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

Climate Action

Climate change is one of the greatest threats facing society, but emissions continue to rise. Reducing our own Greenhouse Gas emissions is a priority for us, as well as working with our customers to ensure they are resilient to the impacts that a changing climate might bring.

Read more in our Environmental section in Book two, page 24.

In action

Intertek joins flexible packaging initiative to support the circular economy in Europe

We are delighted to join the CEFLEX community and help build the circular economy for plastics and flexible packaging in Europe.

Read more about this in Book two, page 18

In action

Reducing the skills gap and building employability among the young

Both technical and vocational education and on-the-job training suffered disruptions due to the pandemic. We are supporting skill development initiatives in India among the young.

Read more about this in Book two, page 15

In action

Intertek SAI Global Assurance supports innovative vertical farming business

Changing weather patterns brought on by climate change are putting added pressure on food production in many regions of the world. We are addressing these challenges through our support of innovative solutions and education.

Read more about this in Book two, page 23

Key performance indicators

Strong returns on invested capital

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

Definitions to the key performance indicators can be found in Book three, page 61

Financial

The Group uses a variety of key performance indicators ('KPIs') to monitor performance and measure the financial impact of the Group's strategy. Where applicable, KPIs are based on adjusted measures in order to provide a meaningful and consistent year-on-year comparison. An explanation and reconciliation of statutory to adjusted performance measures is given on page 30. A glossary of performance measures is provided in Book three, page 61.

Non-financial KPIs are shown on pages 26 and 27

Key

- Adjusted actual rates
- Adjusted constant rates
- Statutory actual rates
- 2022 Adjusted
- 2021 Adjusted
- Statutory

1. Revenue, adjusted operating profit and ROIC are recalculated using 2021 exchange rates to form the basis for Executive Director remuneration, as described in more detail in Book two, page 94.
2. Adjusted operating profit, adjusted operating margin, adjusted cash flow from operations, adjusted free cash flow and adjusted diluted earnings per share are stated before Separately Disclosed Items, which are described on page 30. There is no difference between adjusted and statutory revenue.
3. Dividend per share is based on the interim dividend of 34.2p (2021: 34.2p) plus the proposed final dividend of 71.6p (2021: 71.6p).
4. 2021 ROIC has been prepared using 2022 average exchange rates for adjusted operating profit and adjusted tax, and year-end 2022 exchange rates for invested capital. 2021 ROIC at actual rates was 18.2%.

Key performance indicators Continued

Revenue[1] (£m)

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

Like-for-like revenue (£m)

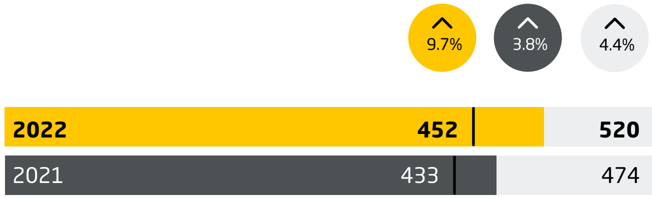
Revenue growth, including acquisitions following their 12-month anniversary of ownership and excluding the historical contribution of any business disposals/closures excluding acquisitions and disposals.

Cash flow from operations[2] (£m)

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

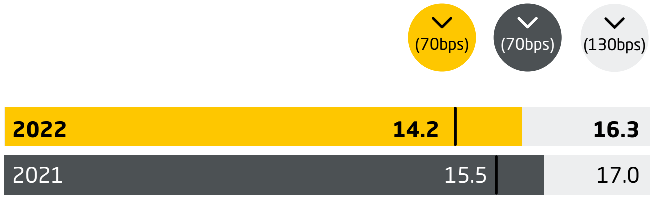
Operating profit[1,2] (£m)

Measures profitability of the Group and includes currency impacts.



Operating margin[1,2] (%)

Measures profitability as a proportion of revenue.

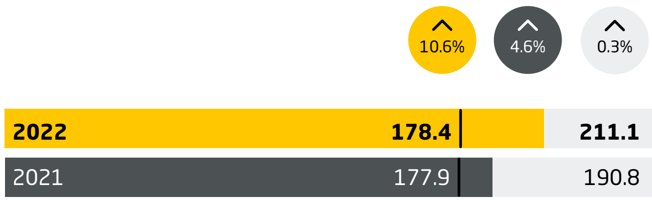


Return on invested capital at constant rates[1,4] (%)

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

Diluted earnings per share[2] (pence)

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



Dividend per share[3] (pence)

Measures returns provided to shareholders.

Adjusted free cash flow[2] (£m)

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

Key performance indicators Continued

Non-financial

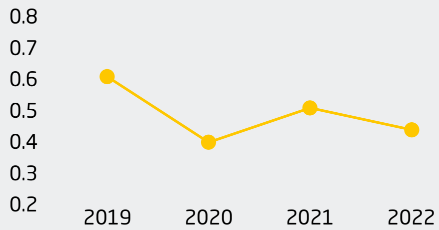
We measure our success by tracking both non-financial and financial key performance indicators that reflect our strategic priorities. We continue to review the sustainability areas that are most material and relevant to our stakeholders and have set ourselves targets in those areas that are aligned to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

Health and safety

Total Recordable Incident Rate ('TRIR')
Recordable incidents include medical treatment incidents, lost time incidents and fatalities per 200,000 hours worked.

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

Total Recordable Incident Rate



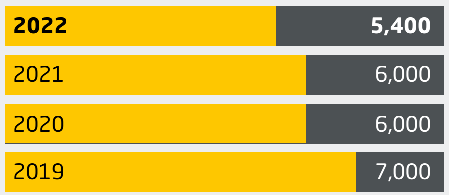
Target
TRIR of less than 0.5 per 200,000 hours worked.

Customer satisfaction

Customer focus
Average number of Net Promoter Score ('NPS') interviews carried out each month.

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

Average NPS interviews per month



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

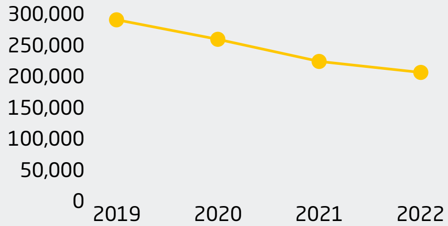
Environment

Operational emissions
With the adoption of our new near-term absolute emissions reduction targets, we now measure our environmental performance against this. Operational emissions comprise our Scope 1, Scope 2 and Scope 3 (Business Travel and Employee Commuting).

Read more about our Environmental performance in the Sustainability Report in Book two, pages 24 to 29.

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

Operational emissions (in tCO_2e)



Target
2030: Reduce absolute Scope 1, Scope 2 and Scope 3 (Business Travel and Employee Commuting) by 50% vs 2019 base line.

Key performance indicators Continued

Employees

Voluntary permanent employee turnover and employee engagement

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

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

Why we measure it

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

Employee voluntary turnover and Group Engagement index

Key financials	2019	2020	2021	2022
Employee voluntary turnover (% of permanent employees)	14%	9%	13%	**14%**
Group Engagement index score		89	80	**80**

Target

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

Diversity and Inclusion

Gender balance

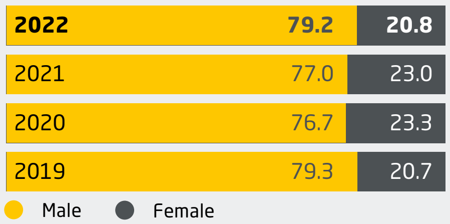
Percentage of women in senior management roles (Leadership Team[1] and their direct reports).

Read more about gender balance in our Sustainability Report in Book two, page 13.

Why we measure it

We promote diversity in all its forms, including gender, age, sexual orientation and disability, as well as having an ethnic and social make-up that reflects broader society. Achieving better gender balance is a driver of progress.

Women in senior management



Target

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

Compliance

Compliance training

Completion of annual compliance training by eligible employees[2] (online or face to face, when available) during the training window.

Read more about compliance training in our Sustainability Report in Book two, page 34.

Why we measure it

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

Training completion by eligible employees

Target

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

1. As defined by the FTSE Women Leaders Review to allow year-on-year comparison. This comprises the CEO and his direct reports (N-1).
2. Eligible employees include those with access to the LUCIE training platform and those receiving compliance training face to face. This includes employees who are on parental or other forms of long-term leave who accordingly do not complete the training in the period of their leave. New joiners complete training throughout the year as part of their induction.

Financial review

Intertek's science-based advantage is delivering earnings growth and strong cash flow

Jonathan Timmis
Chief Financial Officer

"We have made strong progress in 2022 across revenue, earnings and cash, reflecting the effectiveness of our performance approach and the high quality of our earnings model. Thanks to our cash discipline, we have maintained our negative working capital position and delivered a strong free cash flow ('FCF') generation."

Financial highlights

£3,193m **Revenue up** **14.6%** 8.2%	£452m **Statutory operating profit up/(down)** **4.4%** (1.3%)
£520m **Adjusted operating profit up** **9.7%** 3.8%	14.2% **Statutory operating margin down** **(130bps)** (130bps)
16.3% **Adjusted operating margin down** **(70bps)** (70bps)	178.4p **Statutory diluted EPS up/(down)** **0.3%** (5.6%)
105.8p **Dividend per share in line with PY**	Negative **Working Capital**
£386m **Adjusted Free Cash Flow down** **(3.9%)**	18.0% **Return on Invested Capital (down)/up** **(20bps)** 20bps

- **Actual rates**
- Constant rates

Consolidated income statement commentary

Total reported Group revenue has increased by 14.6%, with 3.3% growth contributed by acquisitions, a like-for-like ('LFL') revenue increase of 4.9% and an increase of 640bps from foreign exchange, reflecting sterling depreciation against most of the Group's trading currencies.

The Group's LFL revenue reflected 3.9% growth in the Products division, 5.6% growth in the Trade division and 7.9% growth in the Resources division at constant rates.

The Group's adjusted operating profit was £520.1m, up 3.8% at constant rates and 9.7% at actual rates. The adjusted operating margin was 16.3%, a decrease of 70bps from the prior year at constant rates.

The Group's statutory operating profit after Separately Disclosed Items ('SDIs') for the period was £452.4m (2021: £433.2m), down 1.3% at constant rates and statutory margin was 14.2% (2021: 15.5%). The Group's statutory profit for the year after tax was £306.8m (2021: £306.7m).

Net financing costs

Adjusted net financing costs were £31.9m, an increase of £3.5m on 2021 resulting from a combination of higher interest expense and the impact of foreign exchange rates. This comprised £2.2m (2021: £1.5m) of finance income and £34.1m (2021: £29.9m) of finance expense. Statutory net financing costs of £32.6m included £0.7m costs (2021: £8.6m income) relating to SDIs.

Tax

The adjusted effective tax rate was 26.3%, a decrease of 0.2% on the prior year (2021: 26.5%). The tax charge, including the impact of SDIs, of £113.0m (2021: £106.7m), equates to an effective rate of 26.9% (2021: 25.8%), the increase mainly driven by a non-taxable credit relating to a SDI item in 2021. The cash tax on adjusted results was 21.9% (2021: 22.9%).

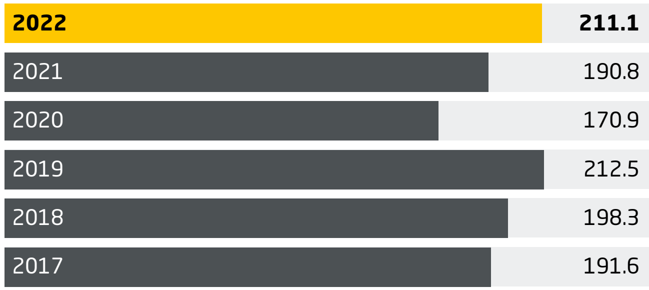
Financial review Continued

Results for the year

Key financials	2022 £m	2021 £m
Adjusted		
Revenue	**3,192.9**	2,786.3
Operating profit	**520.1**	473.9
Diluted EPS	**211.1**	190.8
Profit after tax	**359.8**	327.5
Cash flow from operations	**722.0**	695.8
Statutory		
Revenue	**3,192.9**	2,786.3
Operating profit	**452.4**	433.2
Diluted EPS	**178.4**	177.9
Profit after tax	**306.8**	306.7
Cash flow from operations	**704.1**	679.2
Dividend per share	**105.8p**	105.8p
Dividends paid in the year	**170.6**	170.6

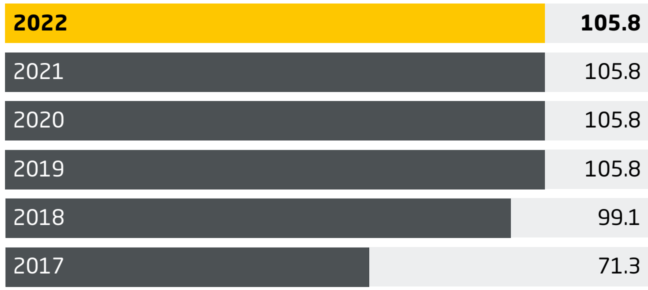
Five-year performance – Adjusted Diluted EPS[1] (pence)

+2.0% CAGR[3]



Dividend per share[2] (pence)

+8.2% CAGR[3]



1. Presentation of results: To provide readers with a clear and consistent presentation of the underlying operating performance of the Group's business, some figures discussed in this review are presented as adjusted, before SDIs (see note 3 to the financial statements in Book three, page 11). A reconciliation between adjusted and statutory performance measures is set out overleaf. Figures before 1 January 2019 (when IFRS 16 was adopted) are on an IAS 17 basis.
2. Dividend per share for 2022 is based on the interim dividend paid of 34.2p (2021: 34.2p) plus the proposed final dividend of 71.6p (2021: 71.6p).
3. CAGR represents the compound annual growth rate from 2017 to 2022.

Earnings per share

Adjusted diluted earnings per share ('EPS') at actual exchange rates was 10.6% higher at 211.1p (2021: 190.8p). Diluted EPS after SDIs was 178.4p (2021: 177.9p) per share and basic earnings per share after SDIs was 179.2p (2021: 178.7p).

Dividend

Reflecting the Group's strong cash generation in 2022, the Board recommends a full-year dividend of 105.8p per share, in line with prior year.

The full-year dividend of 105.8p represents a total cost of £170.6m or 50% of adjusted profit attributable to shareholders of the Group for 2022 (2021: £170.6m and 55%). The dividend is covered 2.0 times by earnings (2021: 1.8 times), based on adjusted diluted earnings per share divided by dividend per share.

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

		Revenue			Adjusted operating profit		
	Notes	2022 £m	Change at 2022 actual rates %	Change at constant rates %	2022 £m	Change at 2022 actual rates %	Change at constant rates %
Products	2	**2,024.3**	15.3	8.5	**426.9**	6.8	–
Trade	2	**635.6**	10.5	5.6	**57.9**	12.2	14.0
Resources	2	**533.0**	17.0	10.3	**35.3**	56.2	50.9
Group total		**3,192.9**	14.6	8.2	**520.1**	9.7	3.8
Net financing costs	14				**(31.9)**		
Adjusted profit before income tax					**488.2**	9.6	3.9
Adjusted income tax expense	6				**(128.4)**		
Adjusted profit for the year					**359.8**	9.9	4.2
Adjusted diluted EPS (pence)	7				**211.1**	10.6	4.6

Financial review Continued

Acquisitions and investment

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

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

Acquisitions

The Group completed one acquisition in the year (2021: three) with cash consideration paid of £65.9m (2021: £480.9m), net of cash acquired of £13.4m (2021: £15.8m), of which £2.7m has been paid in January 2023, and a further contingent consideration payable of £12.9m.

In August 2022, the Group acquired of Clean Energy Associates, LLC ('CEA'), a market-leading independent provider of quality assurance, supply chain traceability and technical services to the fast-growing solar energy and energy storage sectors.

Acquisition of CEA presents a compelling strategic fit and opportunity to expand Intertek's service offering within the World of Energy to provide Total Quality Assurance solutions for solar photovoltaic and energy storage products and installations.

CEA's service offering is highly complementary to Intertek's existing solar energy offerings in product testing and certification and in-field inspections, creating a truly end-to-end value proposition in the solar energy value chain for customers globally.

In 2022, £nil (2021: £10.9m) was spent in relation to consideration for prior year acquisitions.

Organic investment

The Group also invested £116.5m (2021: £97.1m) organically in laboratory expansions, new technologies (including software) and equipment and other facilities. This investment represented 3.6% of revenue (2021: 3.5%).

Pensions

The Group's pension moved to a net surplus of £19.1m (2021: £1.4m surplus) driven by periodic updates to our actuarial assumptions.

Separately Disclosed Items ('SDIs')

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

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

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

The costs associated with our cost reduction programme are excluded from adjusted operating profit where they represent changes associated with operational streamlining, technology upgrades and related asset write-offs and are costs that are not expected to reoccur. The restructuring programme is expected to last up to five years. The treatment as SDI is consistent with the disclosure of costs for similar restructuring and strategic programmes previously undertaken.

The impairment of goodwill and other assets that by their nature or size are not expected to recur, the profit and loss on disposals of businesses or other significant assets, and the costs associated with successful, active or aborted acquisitions are excluded from adjusted operating profit in order to provide useful information regarding the underlying performance of the Group's operations.

The SDIs charge for 2022 comprises amortisation of acquisition intangibles of £34.8m (2021: 29.3m); acquisition and integration costs relating to successful, active or aborted acquisitions of £5.5m (2021: £11.4m); and restructuring costs of £27.4m (2021: £nil).

Further information on SDIs is given in note 3 to the financial statements in Book three, page 11.

2022 reconciliation of statutory to adjusted performance measures

£m	Statutory	SDIs	Adjusted
Revenue	3,192.9	-	3,192.9
Operating profit	452.4	67.7	520.1
Operating margin (%)	14.2%	2.1%	16.3%
Net financing costs	(32.6)	0.7	(31.9)
Income tax expense	(113.0)	(15.4)	(128.4)
Profit for the year	306.8	53.0	359.8
Cash flow from operations	704.1	17.9	722.0
Basic EPS (pence)	179.2p	32.8p	212.0p
Diluted EPS (pence)	178.4p	32.7p	211.1p

2021 reconciliation of statutory to adjusted performance measures

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

Financial review Continued

Key performance indicators

The Group uses a variety of key performance indicators ('KPIs') to monitor the financial performance of the Group and its operating divisions. The specific metrics and associated definitions are disclosed on pages 24 and 25.

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

Like-for-like revenue at constant currency

	2022 £m	2021 £m	Change %
Reported revenue	**3,192.9**	2,786.3	14.6
less: Acquisitions/disposals revenue	**(125.5)**	(25.3)	
LFL revenue	**3,067.4**	2,761.0	11.1
Impact of foreign exchange movements	**-**	163.5	
LFL revenue at constant currency	**3,067.4**	2,924.5	4.9

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

ROIC in 2022 of 18.0% compares to 17.8% in the prior year at constant exchange rates (2021: 18.2% at actual exchange rates).

Return On Invested Capital at constant currency

	2022 £m	2021 £m	Change %
Adjusted operating profit	**520.1**	500.9	3.8
less: Adjusted tax[1]	**(136.8)**	(132.7)	3.1
Adjusted profit after tax	**383.3**	368.2	4.1
Invested capital[2]	**2,130.1**	2,073.1	2.7
ROIC %	**18.0%**	17.8%	20bps

1. Calculated by applying the adjusted effective tax rate (2022: 26.3%, 2021: 26.5%) to adjusted operating profit.
2. Net assets excluding tax balances, net financial debt and net pension liabilities.

Cash flow and net debt

Cash flow

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

Cash conversion

	2022 £m	2021 £m	Change %
Cash flow from operations	**704.1**	679.2	3.7
add back: Cash flow relating to SDIs	**17.9**	16.6	
Adjusted cash flow from operations	**722.0**	695.8	3.8
add back: Special contributions to pension schemes	**2.0**	2.0	–
Repayment of lease liability	**(81.4)**	(70.4)	(15.6)
Cash flow for cash conversion	**642.6**	627.4	2.4
Cash conversion %	**123.6%**	132.4%	(880bps)

Free cash flow reconciliation

	2022 £m	2021 £m
Cash flow from operations	**704.1**	679.2
less: Net capital expenditure	**(112.3)**	(96.1)
add back: Interest received	**2.2**	1.5
less: Interest paid	**(37.5)**	(27.0)
less: Income tax paid	**(106.7)**	(102.0)
less: Lease liabilities paid	**(81.4)**	(70.4)
Free cash flow	**368.4**	385.2
add back: SDI cash outflow	**17.9**	16.6
Adjusted free cash flow	**386.3**	401.8

Net debt

The Group ended the period in a strong financial position. Financial net debt was £737.9m, an increase of £4.6m on 31 December 2021. The undrawn headroom on the Group's existing committed borrowing facilities at 31 December 2022 was £707.3m (2021: £564.2m).

Total net debt, including the impact of the IFRS 16 lease liability, was £1,060.1m (2021: £1,025.6m).

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

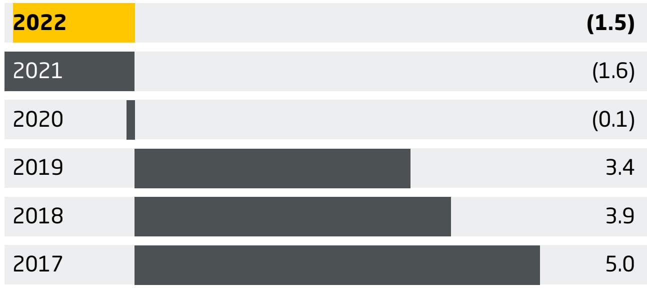
Financial review Continued

Working capital

During 2022, we have continued our working capital focus and, through disciplined performance management, we have maintained our negative working capital position at negative £47.8m (2021: negative £43.3m). Working capital has moved to (1.5%) of revenue, reflecting 10bps decline year-on-year.

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

(650bps)



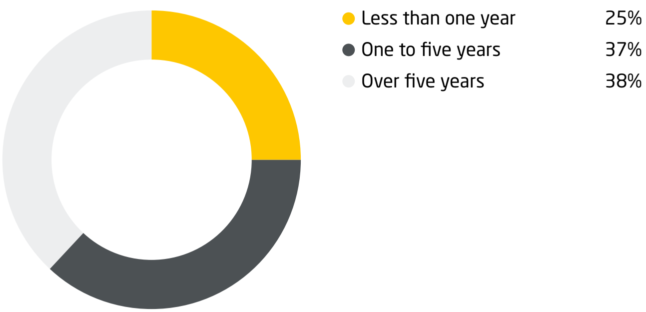
1. Working capital is defined under the consolidated statement of financial position within the financial statements in Book three, page 3.
2. Figures before 1 January 2019 (when IFRS 16 was adopted) are on an IAS 17 basis.

Adjusted free cash flow (£m)

1.5% CAGR[1]

1. CAGR represents the compound annual growth rate from 2017 to 2022.

Borrowings by maturity profile
(At 31 December 2022)



Under existing facilities, the Group has available debt headroom of £707.3m at 31 December 2022. The components of net debt at 31 December 2022 are outlined below:

	1 January 2022 £m	Cash and non-cash movements £m	Exchange adjustments £m	31 December 2022 £m
Cash[1]	264.0	51.7	5.0	**320.7**
Borrowings[2]	(997.3)	58.1	(119.4)	**(1,058.6)**
Financial net debt	**(733.3)**	**109.8**	**(114.4)**	**(737.9)**
Lease liabilities[2]	(292.3)	(11.0)	(18.9)	**(322.2)**
Net debt	**(1,025.6)**	**98.8**	**(133.3)**	**(1,060.1)**

1. As disclosed in note 14 of the financial statements in Book three, page 26
2. Borrowings include £1.5m of non-cash movements related to amortisation of facility fees (see note 14 of the financial statements in Book three, page 26). Lease liabilities include £92.4m of non-cash movements.

Financial review Continued

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

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

The composition of the Group's gross borrowings in 2022, analysed by currency, is as follows:

Borrowings by currency
(At 31 December 2022)

Foreign currency movements

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

At constant rates, revenue grew 8.2% (actual rates 14.6%) and adjusted operating profit grew 3.8% (actual rates 9.7%).

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

	Statement of financial position rates		Income statement rates	
Value of £1	2022	2021	2022	2021
US dollar	**1.20**	1.35	**1.24**	1.38
Euro	**1.13**	1.19	**1.17**	1.16
Chinese renminbi	**8.45**	8.59	**8.31**	8.89
Hong Kong dollar	**9.37**	10.52	**9.68**	10.70
Australian dollar	**1.78**	1.86	**1.78**	1.83

Significant accounting policies

The consolidated financial statements in Book three are prepared in accordance with IFRS as adopted by the UK. Details of the Group's significant accounting policies are shown in note 1 to the financial statements in Book three, page 7.

Jonathan Timmis
Chief Financial Officer

Operating review

Products

Good performance

£2,024.3m
Revenue

£426.9m
Adjusted operating profit

£376.5m
Statutory operating profit

Intertek value proposition

Our Products-related businesses consist of business lines that are focused on ensuring the quality and safety of physical components and products, as well as minimising risk through assessing the operating processes and quality management systems of our customers.
As a trusted partner to the world's leading retailers, manufacturers and distributors, the division supports a wide range of industries including textiles, footwear, toys, hardlines, home appliances, consumer electronics, information and communication technology, automotive, aerospace, lighting, building products, industrial and renewable energy products, food and hospitality, healthcare and beauty, and pharmaceuticals.

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

Strategy

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

2022 performance

Our Products division delivered a good performance overall.

We delivered a good LFL revenue growth of 3.9% at constant rates notwithstanding the impact of Covid in Q2 and November-December in China, the supply chain disruption in the automotive industry and the slow-down in new product development in Softlines and Hardlines in Q4. Outside of China our LFL revenue growth was 5.5% at constant rates.

Business lines

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

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

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

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

Hardlines
Comprehensive solutions for a wide variety of toys and hardgoods.

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

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

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

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

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

Chemicals & Pharma
Enabling clients' product development, regulatory authorisation and production.

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

Business Assurance
Providing a full range of business process audit and support solutions.

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

Building & Construction
Providing testing, inspection, certification and engineering services to the construction industry.

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

Operating review Continued

Our operating profit of £426.9m was flat at constant rates and up 6.8% at actual rates versus 2021, resulting in an operating margin of 21.1%. This is 180 basis points at constant rates lower compared to 2021 when we benefitted from unusually high government subsidies, and in 2022 we were impacted by the Covid-19 disruptions in China and inflationary pressure in North America, Europe and Australia.

- In H2 2022 our Softlines business delivered low-single digit LFL revenue growth, resulting in a mid-single digit growth in LFL revenue for the year. The business benefitted from continuous growth in e-commerce, increased demand for testing protective equipment and the reduction in the lockdown activities in some of our markets although we continue to see store closures in Western Europe and North America.
- Our Hardlines business reported stable LFL revenue growth in H2 and low-single digit growth in LFL revenue in 2022. Hardlines saw further growth in e-commerce, increased consumer demand for home furniture and toys as well as from the reduction in the lockdown activities in some markets more than offsetting continuing closures of stores in Western Europe and North America.
- Our Electrical & Connected World business delivered low-single digit LFL revenue growth in the second half to register low-single digit LFL revenue growth for the year. This reflects increased ATIC activities driven by greater regulatory standards in energy efficiency, the higher demand for testing and certification of medical devices, the increased testing requirements for 5G and greater corporate focus on cyber security.
- Our Business Assurance business delivered double-digit LFL revenue growth for the second half and the full year. The reduction of lockdown activities has driven a rebound in the number of ISO audits in some of our operations, while we continue to benefit from the attractive growth in supply chain assurance, the continuous focus on ethical supply, the increased needs of corporations for sustainability assurance and the strong growth in our People Assurance segment.
- Our Building & Construction business reported mid-single digit LFL revenue growth in H2 and mid-single digit LFL revenue for the year. We continue to benefit from the growing demand for more environmentally friendly and higher quality buildings, but the number of large infrastructure projects continues to be below 2021.
- Our Transportation Technology business saw double-digit negative LFL revenue growth in H2 2022 and high-single digit negative LFL revenue for the year. Following the lower demand for testing activities in Western Europe and North America, the second half saw increased investment by our clients in new powertrains to lower CO_2/NOx emissions and improve fuel efficiency.
- Our Food business registered mid-single digit LFL revenue growth in the second half and for the full year. We are benefitting from the resumption of client supply operations in most markets, from the sustained demand for food safety testing activities and the higher demand for hygiene and safety audits in factories.
- We saw low-single digit LFL revenue growth in the second half and for the year in our Chemical & Pharma business. We benefitted from an improvement of demand for regulatory assurance and chemical testing in some of our operations in North America and Western Europe and from the increased R&D investments of the pharma industry.

2023 outlook

In 2023, we expect our Products division to deliver a good LFL revenue growth at constant currency.

Mid- to long-term growth outlook

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

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

Financial highlights 2022

	2022 £m	2021 £m	Change at actual rates	Change at constant rates
Revenue	**2,024.3**	1,755.3	15.3%	8.5%
Like-for-like revenue	**1,910.7**	1,730.0	10.4%	3.9%
Adjusted operating profit	**426.9**	399.7	6.8%	-%
Adjusted operating margin	**21.1%**	22.8%	(170bps)	(180bps)
Statutory operating profit	**376.5**	365.4	3.0%	
Statutory operating margin	**18.6%**	20.8%	(220bps)	

Operating review Continued

Science-based Innovation

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

In action

Inlight

Managing complex supply chains

intertek inlight

What it is: Through Intertek Inlight™, we provide the technology and expertise that enables organisations to better understand their supply chain risks and protect their brand. With our Wisetail online learning platform built in, it offers them enhanced analytics to manage their complex global supply chains and make real-time supplier decisions.

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

In action

EcoCheck

Scientific approach to sustainability

What it is: EcoCheck is a unique 'green' certification scheme in the travel, tourism, and hospitality sectors that looks at our customers' complete environmental credentials. It takes a scientific and systemic approach to sustainability by employing a series of checkpoints, with criteria informed by the UN Global Compact 10 Principles that advance the UN Sustainable Development Goals.

Customer benefit: Our customers' guests can take comfort from the EcoCheck certificate that their stay was sustainable. It offers guests reassurance that their chosen travel operators are actively working to increase their own sustainability through robust analyses, tourism-specific solutions, comparative benchmarking, and an emphasis on actionable results.

In action

SourceClear

A bespoke solution to support our customers' sustainability goals

intertek source clear

What it is: SourceClear™ was developed to support our customers' sustainability journey, while fulfilling the demands of today's consumers. It manages and certifies product and materials data and business transactions throughout their supply chain, providing traceability and independent validation of product sustainability claims, enabling accurate and verified labelling of their products.

Customer benefit: Through SourceClear companies of all sizes can demonstrate that their products and brands are environmentally friendly, socially responsible, and have a positive impact on society. It will manage the end-to-end process for scope certificates and transaction certificates against the Textile Exchange's Recycled Claim Standard and Global Recycled Standard.

In action

Global Market Access

24/7 access to curated and up-to-date compliance information

intertek global market access

What it is: We have developed the Global Market Access portal to support our customers by providing a convenient one-stop knowledge database to help them bring their products to global markets with speed. The portal covers more than 180 consumer product types for 40 different markets – from soft goods such as apparel, and textiles, to hard goods such as cookware and furniture.

Customer benefit: Our self-help Global Market Access portal allows compliance and quality managers to get all the regulatory, testing, and recall information they need in one place instantly with just a few simple clicks. Currently, we offer four e-Services on the portal, including Regulatory Sheet, Test Plan, Recall Summary and Gap Analysis, to expediate global market access for consumer products.

Operating review Continued

In action
Protek

Clean air and healthy indoor environments

What it is: Protek™ Facility Health Management helps our customers take a comprehensive, practical, and customised approach to the design and operation of indoor environments. The product's services include the assessment of unique risks and opportunities, alongside efficacy and validation testing that gives confidence to both our customers and their stakeholders.

Customer benefit: With organisations facing increased demand for indoor environments that support health and wellness, they need our science-based approach that will reduce the risks of pathogen transmission and enhance their buildings' air quality and comfort. Our bespoke solutions help them to mitigate risk, and increase employee and customer trust, satisfaction, and loyalty.

As a trusted partner to the world's leading retailers, manufacturers and distributors, Intertek's Products business lines support a wide range of industries in over 100 countries.

In action
ToxClear

Delivering safer, cleaner and more sustainable fashion supply chains

What it is: ToxClear is an innovative digital chemical management platform for the fashion industry, which enables our customers to detox their supply chains. Its end-to-end Total Chemical Assurance solutions help them to reduce hazardous chemicals used in the input, process, and output stages of their operations, and offer transparency across their production and chemical usage.

Customer benefit: ToxClear connects with ZDHC Gateway, a Chemical Module for real-time ZDHC Manufacturing Restricted Substances List ('MRSL') conformance data mapping and generation of ZDHC Performance 'InCheck' Reports. These reports provide total traceability and transparency of chemicals used across complex supply chains. This gives clients full visibility of their chemical inventories to evaluate conformance with the ZDHC MRSL to help them achieve zero discharge of hazardous chemicals.

In action
CircularAssure

Helping the polymer/plastics sector move towards a circular economy

What it is: CircularAssure is an innovative programme of assurance, testing and certification services which can be applied across the recycled plastic value chain, from waste collectors and recycling companies to polymer producers and brands. It enables them to optimise the value of recycled materials and products within the plastics/polymer circular economy while maintaining quality and safety.

Customer benefit: By adopting CircularAssure, chemical recycling companies can use our chemical analysis technology to boost process efficiencies; polymer producers can assess new recycled materials; waste collectors and mechanical recycling companies can use our insight-enabling testing to improve profitability; and brands can demonstrate the levels of recycled content in their products through our recycled content certification.

In action
Green R&D

Striking the right balance

What it is: The demand for eco-friendly products has increased significantly as consumers want to ensure that the products they are purchasing have been created with minimal impact to the environment. Intertek Green R&D is an integrated solution that ensures the sustainability, quality and safety attributes of a product are optimised throughout its lifecycle.

Customer benefit: Green R&D is a bespoke science-based solution designed to provide customers with a holistic view of their product development – offering safety, quality, and performance testing and analysis, regulatory assessment and end-to-end environmental assessment. These services help companies mitigate risk and protect their brands through striking the right balance between quality, safety, and performance attributes.

Operating review Continued

Trade

Double digit profit growth

£635.6m
Revenue

£57.9m
Adjusted operating profit

£49.3m
Statutory operating profit

Intertek value proposition

Our Trade division consists of three global business lines with global and regional trade flow based on similar mid- to long-term structural growth drivers:

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

Our Government & Trade Services ('GTS') 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.

Strategy

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

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

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

2022 performance

Our Trade division delivered a mid-single digit LFL revenue growth of 5.6% at constant rates as we benefitted from the increased demand for Inspection and Testing in Energy and Agri products. Outside of China our LFL revenue growth was 7.0% at constant rates.

We delivered an operating profit of £57.9m, 14.0% higher at constant rates and 12.2% at actual rates compared to 2021. This resulted in an operating margin of 9.1%, up by 70bps at constant rates versus 2021 despite higher-than-expected inflation in several markets.

- Caleb Brett, a global leader in the Crude Oil and refined Products global trading markets, benefitted from improved momentum driven by increased global mobility with high-single digit LFL revenue growth in the second half and for the full year.
- Our GTS business provides certification services to governments in the Middle East, Africa and South America to facilitate the import of goods in their markets, based on acceptable quality and safety standards. This business saw double-digit negative growth in LFL revenue in H2 and the full year due to the termination of two contracts for profitability reasons.
- AgriWorld provides inspection activities to ensure that the global food supply chain operates fully and safely. The business reported mid-single digit LFL revenue growth for the second half and high-single digit LFL revenue growth for the full year. We continue to benefit from an increase in demand for inspection activities driven by the strong growth in the global food industry.

2023 outlook

In 2023, we expect our Trade division to deliver good LFL revenue growth at constant currency.

Mid- to long-term growth outlook

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

Business lines

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

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

Government & Trade Services
Providing conformity assessment services to governments, regulatory bodies, exporters and importers to support trade compliance.

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

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

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

Financial highlights 2022

	2022 £m	2021 £m	Change at actual rates	Change at constant rates
Revenue	**635.6**	575.4	10.5%	5.6%
Like-for-like revenue	**635.2**	575.4	10.4%	5.6%
Adjusted operating profit	**57.9**	51.6	12.2%	14.0%
Adjusted operating margin	**9.1%**	9.0%	10bps	70bps
Statutory operating profit	**49.3**	50.2	(1.8%)	
Statutory operating margin	**7.8%**	8.7%	(90bps)	

Operating review Continued

Science-based Innovation

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

In action

Inview

Advanced remote auditing and inspection services

What it is: Intertek Inview™ is our remote inspection solution that helps organisations conduct faster and more efficient inspections. During an Inview inspection, an Intertek expert will conduct the inspection remotely via live video using a hand-held device allowing them to follow the same rigorous quality procedures as those performed by our on-site inspectors for pre-shipment and commercial inspections of goods and shipments.

Customer benefit: Inview has been updated to provide even more information from each audit. The inclusion of automated carbon footprint metrics and other new features ensures that an audit conducted with Inview now delivers more analytical value and information to facilitate the reduction of a company's carbon footprint and help our customers in their ESG journey.

In action

Tradeable

Ground-level trade support and expertise

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

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

In action

AgriWorld

Rapid On-site Testing of Grains and Cereals

What it is: Key to Intertek AgriWorld's end-to-end risk-based Quality Assurance solutions are the various services connecting agricultural supply chains to facilitate sustainable trade. This includes Rapid On-site Testing of Grains and Cereals where the implementation of the latest technological testing methods provides results to customers within minutes, allowing stakeholders to make informed decisions fast. These tests are performed all along the value chain on important quality and safety parameters such as Protein, Fat Content, Moisture, Aflatoxins and others.

Customer benefit: Our service solution promotes the sustainability of agricultural supply chains, as customers are able to maintain full traceability, reduce food loss and waste, and make informed decisions in real time. The visibility into quality and safety provided by rapid testing and delivery of results helps to prevent cargo degradation whilst optimising quality segmentation.

Operating review Continued

Resources

Growth acceleration

£533.0m
Revenue

£35.3m
Adjusted operating profit

£26.6m
Statutory operating profit

Intertek value proposition

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

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

Strategy

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

2022 performance

Our Resources division delivered a robust LFL revenue growth of 7.9% at constant rates driven by the increased Capex investments of our energy clients in traditional Oil & Gas and renewables as well as by the higher demand in Minerals. Outside of China our LFL revenue growth was 8.5% at constant rates. Revenue of £533.0m was up 17.0% at actual rates and 10.3% at constant rates. We delivered an adjusted operating profit of £35.3m, 51% higher at constant rates and up 56% at actual rates. Our adjusted operating margin of 6.6% was 180 basis points higher at constant rates despite the higher-than-expected inflation in several markets.

- In Exploration and Production operations, our Capex Inspection services business delivered high-single digit LFL revenue growth in both the second half and full year.
- We delivered low-single digit negative LFL revenue growth in Opex Maintenance services in H2 2022, resulting in a low-single digit negative LFL revenue growth in 2022.
- Increased demand for testing and inspection activities saw our Minerals business deliver double-digit LFL revenue growth in the second half and for the full year.

2023 outlook

In 2023, we expect our Resources division to deliver a robust revenue growth at constant currency.

Mid- to long-term growth outlook

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

Business lines

Industry Services

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

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

Minerals

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

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

Financial highlights 2022

	2022 £m	2021 £m	Change at actual rates	Change at constant rates
Revenue	**533.0**	455.6	17.0%	10.3%
Like-for-like revenue	**521.5**	455.6	14.5%	7.9%
Adjusted operating profit	**35.3**	22.6	56.2%	50.9%
Adjusted operating margin	**6.6%**	5.0%	160bps	180bps
Statutory operating profit	**26.6**	17.6	51.1%	
Statutory operating margin	**5.0%**	3.9%	110bps	

Operating review Continued

Science-based Innovation

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

In action

DeepView 3d

Optimal condition-based maintenance

What it is: Intertek DeepView 3d is an advanced and sustainable inspection technology that combines inspection expertise, robotics, laser scanning and advanced non-destructive testing ('NDT'). It sets a new standard for digital mechanical integrity and digital condition assessment data, and helps our customers establish digital condition-based maintenance programmes that track and ensure equipment safety and reliability.

Customer benefit: We worked with an international deepwater drilling contractor to assess and analyse equipment condition at their facility at the Port of Houston in Texas. Our team was able to gather digital condition data through laser scanning, advanced NDT and a metrology assessment of the major components of their blowout preventer ('BOP') in just a few days, all without disassembling, reducing the overall cost and non-productive time of the BOP while providing a digital base line and current condition.

In action

Intertek Hydrogen

End-to-end quality, safety and sustainability solutions for the Hydrogen industry

Safely into the future

What it is: Hydrogen is increasingly viewed as a leading energy transition fuel providing a way to decarbonise industries and support greater efficiency within renewable energy sectors. Intertek Hydrogen provides customers an innovative, end-to-end ATIC platform that provides a trusted and single-source partnership for support and guidance along every stage of the hydrogen value chain. In addition, it gives the hydrogen industry access to our extensive global network of trusted experts, risk-mitigating technical services, and global end-to-end risk-based quality, safety and sustainability solutions.

Customer benefit: As the global hydrogen industry expands and develops, the safety and regulatory challenges facing commercialisation of this technology is becoming more critical for our customers. Intertek Hydrogen helps them advance the sector, successfully develop and execute hydrogen-based projects, and create viable ecosystems. It also helps them overcome the safety challenges and navigate the sector's increasingly complex regulatory requirements.

In action

RiskAware

Partnership with Venture Global

What it is: As a leader in global inspection services, our people gather and analyse hundreds of data points from quality assurance and quality control non-conformance reports, inspection and testing results, as well as health, safety and environment reports. With RiskAware, our customers are able to establish more efficient and cost-effective Quality, Health, Safety and Environment ('QHSE') programmes that address areas of higher risk to help reduce the cost of quality.

Customer benefit: Our customer, Venture Global, chose Intertek due to our global reach, quality reporting tools, and experience in vendor and site quality inspection. They have achieved facility start-up ahead of schedule, in part, due to our thorough inspections and utilisation of RiskAware. On the Calcassieu Pass project, we deployed our RiskAware processes and reporting tools. This helped ensure on-schedule equipment deliveries and installations.

Operating review Continued

In action
CarbonClear

Part of the Xpansiv Digital Fuels Program ecosystem

intertek carbonclear™

What it is: Intertek CarbonClear provides a unique carbon emissions intensity certification programme to consistently evaluate emissions across all supply chain stages. It can validate and disclose the carbon impact or intensity per project or across a company's whole portfolio, as well as identify key areas for emissions improvement versus peers and other industries.

Customer benefit: Intertek has joined the Xpansiv Digital Fuels Program ecosystem as Digital Crude Oil ('DCO') certification partner, providing data-quality assurance, carbon-intensity benchmarking and independent certifications to the Program.

In action
CarbonZero

Providing independent carbon-neutral certification

intertek carbonzero

What it is: Our CarbonZero programme complements the Intertek CarbonClear programme. It certifies the achievement of carbon neutrality by combining emissions intensity certifications, such as CarbonClear, together with certification of traceable high-quality carbon capture or reduction investments. The programme can be applied at any phase of production, manufacturing, assembly or delivery, regardless of industry or supply chain configuration.

Customer benefit: The first Intertek CarbonZero certification was awarded to Aker BP, for the verified carbon neutral sale of 600,000 barrels of Edvard Grieg production. This certification enables companies worldwide to confidently market qualifying carbon neutral products and services as Intertek CarbonZero Verified, thereby demonstrating their tangible and auditable progress on the path to carbon neutrality.

In action
Minerals Global Centre of Excellence celebrates key milestones

intertek minerals Global Centre of Excellence

What it is: Our Minerals Global Centre of Excellence, located in Perth, Western Australia, is a 20,000m², purpose-built space that brings together the Group's Minerals business. In 2022, we celebrated the first anniversary of this multi-service, state-of-the-art facility, built to support our mining and exploration customers to deliver the future-focused commodities that will underpin a more sustainable world.

Customer benefit: The pioneering facility is one of the largest, highly automated and most technologically advanced minerals laboratories in the world, providing customers with instant access to world class technical expertise, technology, innovation and services all in one location. Since opening it has reached a number of operational milestones, processing more than three million samples in the first year of operations, including one million PhotonAssay™ samples.

In action
PipeAware

Working across multiple vendor locations in four different countries

intertek pipeAware™

What it is: Intertek PipeAware™ is an innovative digital solution combining pipeline traceability with inspection data to give valuable, real-time insight on pipeline quality and compliance. It offers pipeline owners and operators traceability and easy access to the inspection, testing and material data needed to make informed decisions that ensure pipelines operate safely and efficiently.

Customer benefit: Working with a major oil company on a project that involves laying more than 300 miles of pipe, PipeAware™ offers cost-effective and faster access to critical data, which is all stored securely in one location. The data includes all inspection observations on individual pipe joints, including dents, stencil or marking errors, coating repairs, and bevel damage.

Principal risks and uncertainties

Assessing and managing our risks

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

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

This risk governance framework is described in more detail in the Directors' Report in Book two, on pages 47 and 50.

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

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

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

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

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

Changes to principal risks
Our principal risks continue to evolve in response to our changing risk environment. We have removed Sustainability – the risk of extreme weather events impacting our operations – as a principal risk for 2022: this follows the outcome of a portfolio exposure assessment which we conducted with Willis Towers Watson and which shows that the predicted impact of climate-related physical risks is likely to be localised and not material at the Group level (for further details see our TCFD statement on pages 53 to 55).

Long-term viability statement
In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a five-year period to 31 December 2027, by carrying out a robust assessment of the potential impact of the principal risks and uncertainties on the Group's current position, including those that would threaten the Group's business model, future performance, solvency or liquidity. This is documented on the following pages.

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

Principal risks and uncertainties Continued

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

In addition to the bottom-up strategic review process where the prospects of each business line are reviewed, an assessment has been made of the potential operational and financial impacts on the Group of the principal risks and uncertainties outlined in the following pages. The Directors have also assessed certain combinations of these principal risks and uncertainties in a number of severe, but plausible, scenarios, as well as the effectiveness of any mitigating actions as set out in the table opposite. The Directors have assessed climate change will not have a meaningful impact on the viability of the Group over the five-year period to 31 December 2027.

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

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2027. The statement on going concern is in the Directors' Report in Book two, on page 72.

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

Operational

1 Reputation

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021. The Group continues to invest in staff development, quality systems and standard processes to prevent operational failures.

2 Customer service

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

3 People retention

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

Principal risks and uncertainties Continued

4 MacroEconomic

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

5 Health, safety and wellbeing

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

6 Industry and competitive landscape

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

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

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

Principal risks and uncertainties Continued

7 IT systems and data security

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

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

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

8 Covid-19

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

Possible impact

- There is a health and safety risk to our people who come into contact with confirmed cases.
- In affected areas, there is a risk that the ability of our people to work as normal is impacted by mandatory health and safety restrictions, including quarantine and travel restrictions in certain cases.
- There is a risk that the ability of our people to perform field-based work (audits and inspections) continues to be affected by control and prevention measures that we and our clients are taking, or are subject to.
- In affected areas, there is risk of disruption to our normal operations, both as a consequence of the issues faced by our people and of the impact to our clients' operations and production levels.
- There is a risk that an ongoing situation could continue to disrupt global supply chains, which could lead to a need to refocus our service offering or delivery locations to align optimally with customer requirements and to remain competitive.
- There is a risk that our 2023 performance will be affected by the disruption to the supply chains of our clients and any impact it may have on global trade activities.

Mitigation

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

2022 update

We believe this risk remains similar to the prior year. Although global vaccination programmes and other factors (such as rapid mass testing and improved treatments and therapies) have reduced this risk during 2022, there remains significant uncertainty over new variants and the potential for ongoing government restrictions.

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

9 Contracting

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

Legal and Regulatory

10 Regulatory and political landscape

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

11 Business ethics

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

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

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

During 2022, 91 (2021: 112) non-compliance issues were reported through the whistleblowing hotline and other routes. All were investigated, with 24 (2021: 19) substantiated and corrective action taken.

Financial

12 Financial risk

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

Possible impact

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

Mitigation

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

2022 update

This risk remains stable compared with 2021.

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

TCFD statement

Our TCFD journey

We believe that, as a sustainable business and a leading provider of sustainability solutions to more than 400,000 companies, Intertek has an important role to play in taking action on climate change and supporting the transition to a low-carbon economy – both for our clients and in our own value chain.

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

Putting climate change and decarbonisation in context

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

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

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

TCFD Continued

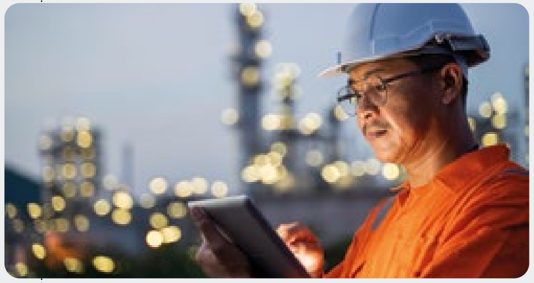
Our TCFD journey

2018
Systemic CO_2 emission collection in all sites/ operations

2022
Country specific targets and action plans to reduce emissions

2022
CO_2 reduction targets for all employees included in yearly compensation

2022
Compliant with TCFD recommendations



2017
First Group-wide GHG emission reduction target set

2020
Voluntary disclosure against TCFD recommendations

2021
Commitment to net zero by 2050

2022
Systemic monthly performance management of emission reductions and action plans

Our TCFD compliance statement

The TCFD requires the disclosure of information aligned to its core four elements: governance, strategy, risk management, and metrics and targets. The TCFD aims to improve the disclosure of climate-related risks and opportunities and provide stakeholders with the necessary information to undertake robust and consistent analyses of the potential financial impacts of climate change. We recognise the value that the recommendations bring and continue to align and enhance our climate-related disclosures.

We set out below our climate-related financial disclosures consistent with all the TCFD recommendations and recommended disclosures. By this we mean the four TCFD recommendations and the 11 recommended disclosures set out in Figure 4 of Section C of the report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures' published in June 2017 by the TCFD, also taking into account the TCFD 'Guidance for All Sectors'.

Our TCFD disclosures are set out in five sections:

- **Section 1:** our governance of climate-related risks and opportunities
- **Section 2:** how we consider climate change in our strategy
- **Section 3:** our climate-related risk management approach
- **Section 4:** our climate-related metrics and targets
- **Section 5:** our climate change methodology and approach

TCFD Continued

Section 1: Governance

TCFD Recommended Disclosures	Further information
a) Describe the Board's oversight of climate-related risks and opportunities.	• Governance Structure (Book two, page 37). • Governance and Sustainability (Book two, page 51).
b) Describe management's role in assessing and managing climate-related risks and opportunities.	• Internal control and risk management (Book two, pages 50 and 76).

1 a) Our Board's oversight of climate-related risks and opportunities

Our Board of Directors is responsible for the oversight of climate-related risks and opportunities. Climate-related risks are integrated into every Board agenda as part of the Board's review of risks and our integrated risk, control and compliance approach. Climate-related issues are considered as part of the Board's strategic review sessions and reflected in the Board's strategic review and guidance.

The Board takes emerging and systemic climate-related risks and opportunities into account:
(1) when considering the Group Risk Footprint and our internal controls/risk management policies at each Board meeting; and
(2) in reviewing the Group's Principal Risks and in the risk modelling that feeds into the longer-term viability statement.

The Group's Head of Sustainability reports to the Board on our climate-related risks and opportunities as part of an annual in-depth Intertek Total Sustainability review. In addition, the Board receives specific updates on our TCFD approach and progress during the year. The Board monitors and oversees our progress against our science-based targets and our action plans to reduce carbon emissions.

1 b) Management's role in identifying, assessing and managing climate-related risks and opportunities

We believe that assessing and managing climate-related risks and opportunities is an integral part of our overall integrated risk management approach. Our framework of regional, divisional and functional risk committees considers climate-related risks and opportunities and identifies and implements appropriate action plans. This creates an awareness and ownership of climate-related risks and opportunities within our operational, HR, compliance, finance and insurance leadership.

In addition, climate-related risks and opportunities are identified, managed and tracked by:
- our Net Zero Steering Committee (whose members include our Group CEO, Group CFO, Head of Sustainability, Head of Finance – Sustainability and Group General Counsel) which is working on our detailed net zero action plans and manages our GHG emissions plans and targets;
- our Beyond Net Zero Steering Committee (whose members include our Group CEO, Head of Sustainability, SVP Corporate Development Group, EVP – Marketing & Communications, Director Group Communications and Group General Counsel), which has oversight of our Total Sustainability agenda including internal and external climate-related actions over and above our GHG and net zero commitments; and
- our specific CEO-led working group on TCFD/climate-related risks and opportunities.

Section 2: Strategy

TCFD Recommended Disclosures	Further information
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	• Principal risks and uncertainties (page 43). • Our climate change methodology and approach (page 57).
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• Strategic Report; Our business model (pages 14 to 23). • Sustainability Report (Book two). • Financial Report (Book three).
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Strategic Report; Our business model (pages 14 to 23). • Sustainability Report (Book two). • Financial Report (Book three).

At the high level, our target is to become a net zero emissions business by 2050 while mitigating the physical impact of climate change on our operations and supporting our clients with sustainability solutions.

Innovative sustainability services have been at the core of our business and strategy for over 100 years. Today's 'race to net zero' by governments and corporations is beneficial to Intertek given our investments in sustainability, including our operational sustainability solutions; our carbon emissions certification, CarbonClear; our ESG disclosures verification; and our corporate sustainability certification, TSA. Ongoing dependency on traditional oil and gas, and the significant investments required to scale up renewable energy, will mean our Industry Services businesses should benefit from traditional energy investment and the parallel developments in the renewables space – and our differentiated World of Energy value proposition and our total energy expertise position us strongly to take advantage of the global energy transition required to get to net zero.

The world will face difficulties in meeting Paris Agreement targets and addressing climate change unless: all companies, public and private, commit to reduce carbon emissions to net zero; significantly increased investments are made in renewables; and there is breakthrough innovation to accelerate carbon emission reduction and facilitate carbon storage and capture. This negative outcome should lead to increased demand for our services as it will lead to an increased focus on developing low-carbon products and other innovations and technologies that will reduce emissions, including increased investment in carbon capture and storage.

TCFD Continued

2 a) Our climate-related risks and opportunities

Based on our supply and demand model and decarbonisation scenarios (details of which are set out in section 5), our view of Intertek's climate-related risks and opportunities is as follows.

Climate-related opportunities

Opportunity area	Description of opportunities
Energy transition	The key question for our energy-related businesses is what the risks and opportunities of a transition to lower carbon/renewable energy will look like, and over what timeframe. The world will be dependent on traditional oil and gas for longer than people think: there have been under-investments in oil and gas exploration since 2015; there is structural under-investment in alternative energy sources and renewables will take time to scale, creating risks for governments and economies in moving away too quickly from traditional energy sources. This will require our clients to make incremental investments in traditional oil and gas infrastructure, exploration and production. Our Industry Services businesses should therefore benefit over the next 20 to 25 years both from traditional energy investment and the parallel developments in the renewables space. Our Caleb Brett business should benefit from the recovery of global demand for oil and gas to pre-Covid-19 consumption levels in the short-term, and in the medium- to long-term continue to benefit from an increase in the production and consumption of oil-related products as well as the development/growth of greener fuels – biofuels and synthetic. Today, only 9% of global energy is from renewable sources and our clients will need to make significant investments in traditional oil and gas if they are to continue to meet the growing global energy demand. The carbon capture and carbon removal technologies which will be required to achieve net zero targets are currently at an early stage of development and it is likely that increased investments will be required to accelerate their production and availability: this should benefit our engineering-based inspection businesses within Industry Services. The energy transition that certain of our traditional oil and gas clients face as they move to being total energy providers underlines the importance of our differentiated World of Energy value proposition. Intertek's range of energy expertise is able to support our clients across the full World of Energy spectrum: from traditional oil and gas, petroleum refining and distribution, petrochemicals and power generation to nuclear power, solar, biofuels, tidal, wave and wind power. This gives Intertek a high-level, cross-sectional view of energy industry topics and trends that we believe will position us strongly to take advantage of current and future business development linked to the energy transition.

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

TCFD Continued

Climate-related risks

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

2 b) The impact of climate-related risks and opportunities on our businesses, strategy and financial planning

Intertek has been a global thought and innovation leader in sustainability services for decades, and sustainability services are core to our global business. We help customers across all aspects of sustainability, covering all major industries, with end-to-end sustainability solutions.

Climate-related opportunities are one part of our overall sustainability strategy. At the high level, we believe that the actions which companies and corporations will need to take to transition to a low-carbon economy will be an opportunity for us and will accelerate the demand for our ATIC solutions, including:
- our climate-related operational sustainability services (such as energy efficiency, carbon footprint or zero waste to landfill certifications);
- our corporate sustainability solutions (where we help corporations to establish and validate the effectiveness of their own sustainability programmes); and
- our Intertek ESG Solutions (where we independently verify our clients' sustainability reporting and disclosures).

We continue to develop innovative ATIC service offerings to support our clients' low-carbon transition aims and to enable them to comply with the increasing regulatory requirements relating to sustainability and ESG.

Our World of Energy businesses continue to scale up investments in strategic growth areas driven by climate-related factors, such as:
- An increase in total energy demand driven by GDP and population growth.
- The need to address structural underinvestment in traditional oil and gas as renewables lack scale.
- Technology and infrastructure investments needed to build scale renewable infrastructure.
- The significant investments and innovations required to meet net zero pathways, including developments in hydrogen, synthetic fuels, carbon capture and carbon storage.

Our strategy includes M&A investments such as our acquisition of Clean Energy Associates LLC. which has enabled us to expand our sustainability service offering in the fast-growing quality assurance market for solar energy and energy storage. It also includes organic innovations such as Intertek Hydrogen, Intertek CarbonClear and CarbonZero, and Intertek Green R&D.

Our climate-related risks and opportunities assessment also feeds directly into our wider strategy, portfolio and financial planning, including our planning on:
- climate-change mitigation activities and our net zero action plans; and
- the location of our facilities.

We believe the impact of climate-related risks and opportunities is as follows:

	Timeframe			Scenario		
Climate-related opportunities	**Short**	**Medium**	**Long**	**RCP4.5**	**RCP8.5**	**Financial impact**
Transition impacts						See note 1
• Energy transition	◊	◊◊	◊◊◊	*		
• Carbon footprint transition	◊	◊◊	◊◊◊	*		
Policy impacts	◊	◊◊	◊◊◊	*		
Climate-related risks						
Physical impacts		◊	◊◊		*	See note 2

Key: ◊ – ◊◊◊ = low – high impact
* Scenario sensitivity

Note 1: Our pre-Covid (2014 – 2019) organic revenue CAGR was c.3%. Sustainability/ESG services were a driver of that revenue growth. Post-Covid, we expect the Group revenue growth from Sustainability/ESG services to accelerate.

Note 2: In order to assess our physical impact risk, we have worked with Willis Towers Watson ('WTW') to carry out a portfolio exposure assessment based on scenario modelling supported by WTW's Climate Diagnostic technology platform. For this purpose, our portfolio includes 985 sites and associated assets and revenues. The assessment evaluated the percentage of our portfolio that is exposed to a material level of climate-related risk over four time periods (today; 2030; 2050 and 2100) and under two scenarios (RCP4.5 and RCP8.5) – see Figure 1 and 2.

TCFD Continued

Figure 1: Physical risk exposure under an RCP4.5 scenario:

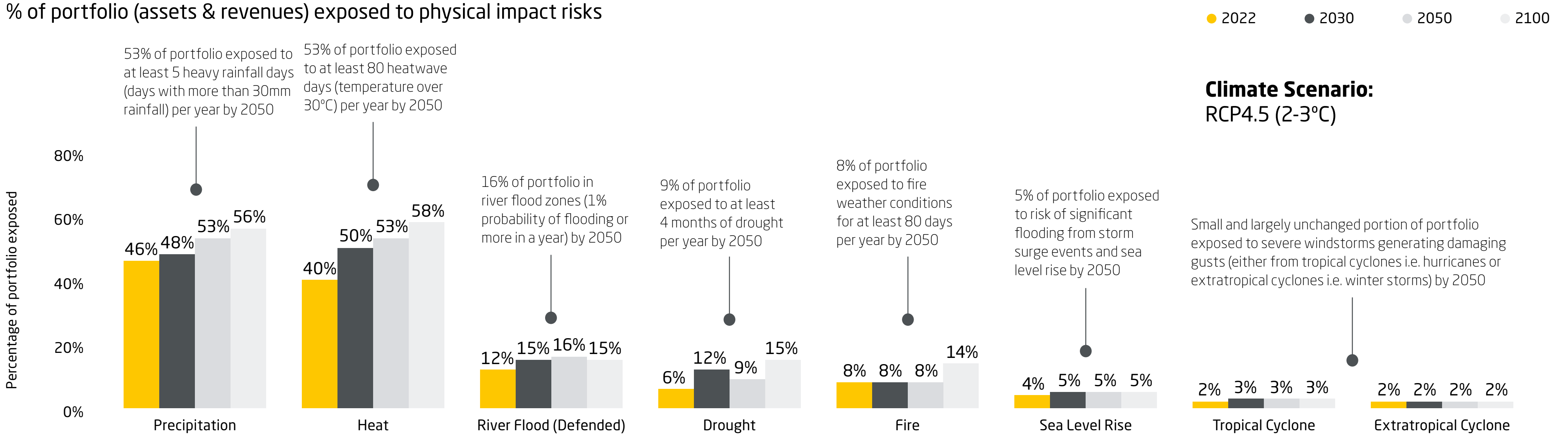
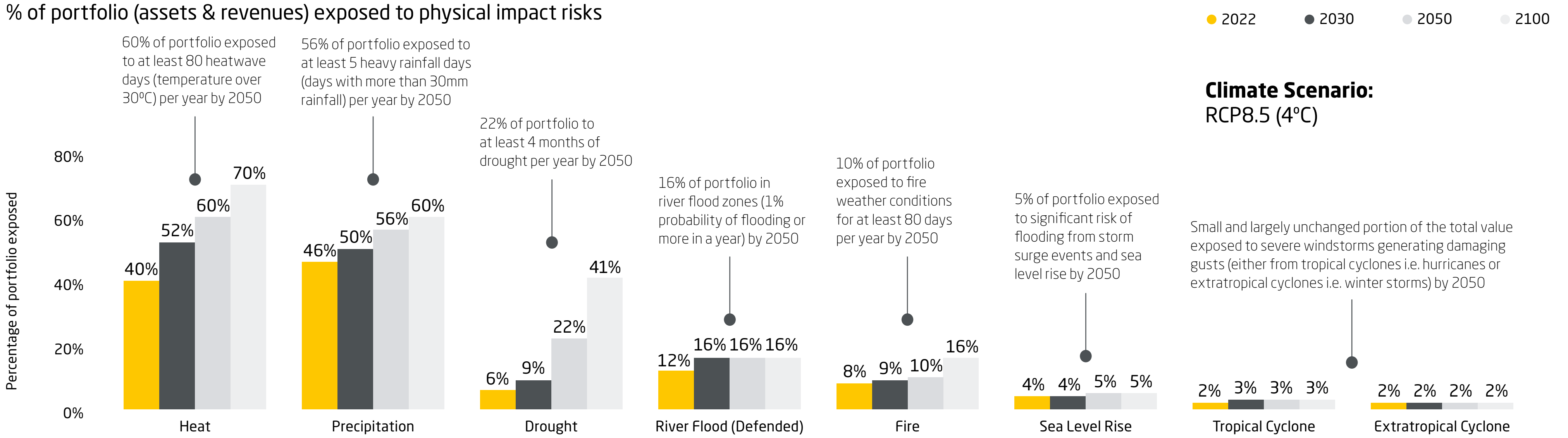


Figure 2: Physical risk exposure under an RCP8.5 scenario:



TCFD Continued

Physical risk assessment

The assessment shows that our broad geographic footprint and capital-light earnings model – covered in more detail in 2ºC – is an advantage for long-term climate resilience. Nevertheless, it does indicate an increased physical impact exposure to our portfolio, varying by type of climate-related extreme weather event, under both the RCP4.5 and RCP8.5 scenarios:

- a low to medium increase by 2050 in exposure to chronic (extended, non-localised) weather events – heat, precipitation, drought, sea level rise; and
- a low increase by 2050 in exposure to acute (localised, one-off) weather events – river floods, fire, tropical and non-tropical storms.

Assessing the impact of chronic weather events

It is difficult to assess the physical impact of chronic weather events as these are likely to be regional or global in nature but can be largely or fully addressed with systemic risk mitigation actions at the Intertek site/operational level:

Physical risk (chronic weather events)	Impact on business	Mitigations
Precipitation	• Property damage and business disruption	• Insurance cover • Add identified climate-related risk into our business continuity planning for sites with predicted exposure • Physical/structural protections for sites with predicted exposure
Heat	• Productivity changes as severe heat affects people and/or equipment • Cost increases linked to an increased requirement for air conditioning/cooling	• Add identified climate-related risk into our business continuity planning for sites with predicted exposure • Increase energy efficiency/use of solar/renewable energy
Drought	• Operational impact from water scarcity • Changes to demand for our services linked to changing consumption patterns, population migration or conflict	• Add identified climate-related risk into our business continuity planning for sites with predicted exposure • Focus on reducing water usage/efficiency
Sea level rise	• Property damage and business disruption	• Insurance cover • Add identified climate-related risk into our business continuity planning for sites with predicted exposure • Physical/structural protections for sites with predicted exposure

Assessing the impact of acute weather events

The likely impact of an acute weather event is a loss of revenue due to a shutdown of our facilities. It is difficult to provide a precise estimate of the financial impact, which depends on factors including the severity of the event, the geography affected and our ability to redistribute work, and the duration of the shutdown.

Our assessment reveals a minimal increase in expected portfolio exposure to acute weather events, and we therefore expect the incidence and financial impact of such acute events to be similar to today. Based on recent experience, in FY17 hurricanes Harvey and Irma impacted the operations of our clients in southern regions of the USA during a three-month period, in turn impacting our business. These two operational disruptions reduced our revenue performance by £5m at constant currency over the period August to October 2017, negatively impacting our Products, Trade and Resources divisions. Over the five-year period to date, our operations have been impacted by c.ten extreme weather events.

2 c) Our organisational resilience to the risks of climate-change and decarbonisation scenarios

We believe our operations and strategy have a high degree of resilience to the risks of climate change under both an RCP4.5 and RCP8.5 scenario:

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

TCFD Continued

Section 3: Risk management

TCFD Recommended Disclosures	Further information
a) Describe the organisation's processes for identifying and assessing climate-related risks.	• Internal control and risk management (Book two, pages 50 and 76).
b) Describe the organisation's processes for managing climate-related risks.	• Internal control and risk management (Book two, pages 50 and 76).
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• Internal control and risk management (Book two, pages 50 and 76).

3 a) Our process for identifying and assessing climate-related risks

"Sustainability risk" – the risk of extreme weather events having a physical impact on our business and operations – was specifically identified as a standalone Group principal risk in 2021 and reflected accordingly in our viability statement and going concern analysis.

In 2022, we have further developed our processes for identifying and assessing climate-related risks, within our risk committees and separately using the supply-and-demand model we have built for our World of Energy businesses and our work with WTW to model the exposure of our portfolio to the physical impacts of climate change. The most significant insight from our work with WTW was that the exposure of our portfolio to acute weather events is expected to increase only very marginally in the period to 2050, with any financial impact falling well below the threshold for materiality. On that basis, we have removed "Sustainability" as a Group principal risk in 2022. We will keep this under review as part of our integrated risk management process.

3 b) How we manage climate-related risks

Climate-related risks, and the related mitigation action plans, are reviewed at least quarterly by the Board and by our framework of regional, divisional and functional risk committees and our Group Risk Committee.

The risk of physical impacts of climate change on our sites are also considered by a cross-functional group including members of our finance, insurance, risk and sustainability teams. The portfolio exposure modelling we have done with WTW allows us to assess, on a site-by-site basis, the changing likelihood and impact of specific climate events (such as drought, precipitation, flooding and fire) under both the RCP4.5 and RCP8.5 scenario in the short, medium and long-term. We will use the output of this model in our opportunity and risk mitigation planning, and in local site business continuity planning.

3 c) Integration into our overall risk management

Our climate-related opportunities are reviewed as part of our overall budget, innovation, M&A, customer insight and other processes. At the strategic level, the supply and demand model we have developed to look at how the needs of our customers across our different businesses are likely to be affected by decarbonisation allows us to assess how that is likely to affect their need for our end-to-end TQA services across all points of their logistics, manufacturing/production and supply chain networks.

Section 4: Metrics and targets

TCFD Recommended Disclosures	Further information
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	• Environment section (Book two, pages 24 to 29).
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	• Environment section (Book two, pages 24 to 29).
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• Environment section (Book two, pages 24 to 29).

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

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

Intertek publicly reports on its Scope 1, 2 and 3 GHG emissions and the carbon intensity of our operational emissions per employee and by revenue. Progress against targets is disclosed in the Annual Report, as well as in other relevant publications. Our measurement and reporting is aligned to the GHG Protocol Corporate Accounting and Reporting Standard (2015) and the recommendations of the TCFD. As required, we report under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations and we apply the 2019 UK Government Environmental Reporting Guidelines, including the Streamlined Energy and Carbon Reporting Guidance. Further details can be found in Book two, pages 24 to 29.

In 2022, we changed the operation of our annual incentive plan to align our annual incentive framework with progress against our ESG and climate-related goals. Reflecting on the Group's wider purpose of bringing quality, safety and sustainability to life, the Remuneration Committee considered it was appropriate to add an ESG element (with a 15% weighting) based on performance against a carbon emissions reduction target.

TCFD Continued

Section 5: Our climate change methodology and approach

The demand for our services depends on the supply of, and demand for, our clients' products and services and their need for our TQA services at specific risk points in their logistics, manufacturing and supply chains.

To assess the impact of global decarbonisation on Intertek and our potential climate-related risks and opportunities we have built a bottom-up supply and demand model for our World of Energy (Caleb Brett and Moody) businesses which considers how the supply and demand of our clients' products and services, and therefore their need for Intertek's services, is likely to change in line with two decarbonisation scenarios that are aligned to the Intergovernmental Panel on Climate Change ('IPCC') Representative Concentration Pathways ('RCPs'):

- Intermediate (RCP4.5): Characterised by slowly declining emissions, this pathway assumes climate policies will be invoked to limit emissions, resulting in likely global temperature rise of 2–3°C by 2100.
- High (RCP8.5): Characterised by rising emissions, this pathway adheres to the current trajectory and assumes no additional efforts are made to constrain emissions, leading to likely global temperature rise of >4°C by 2100.

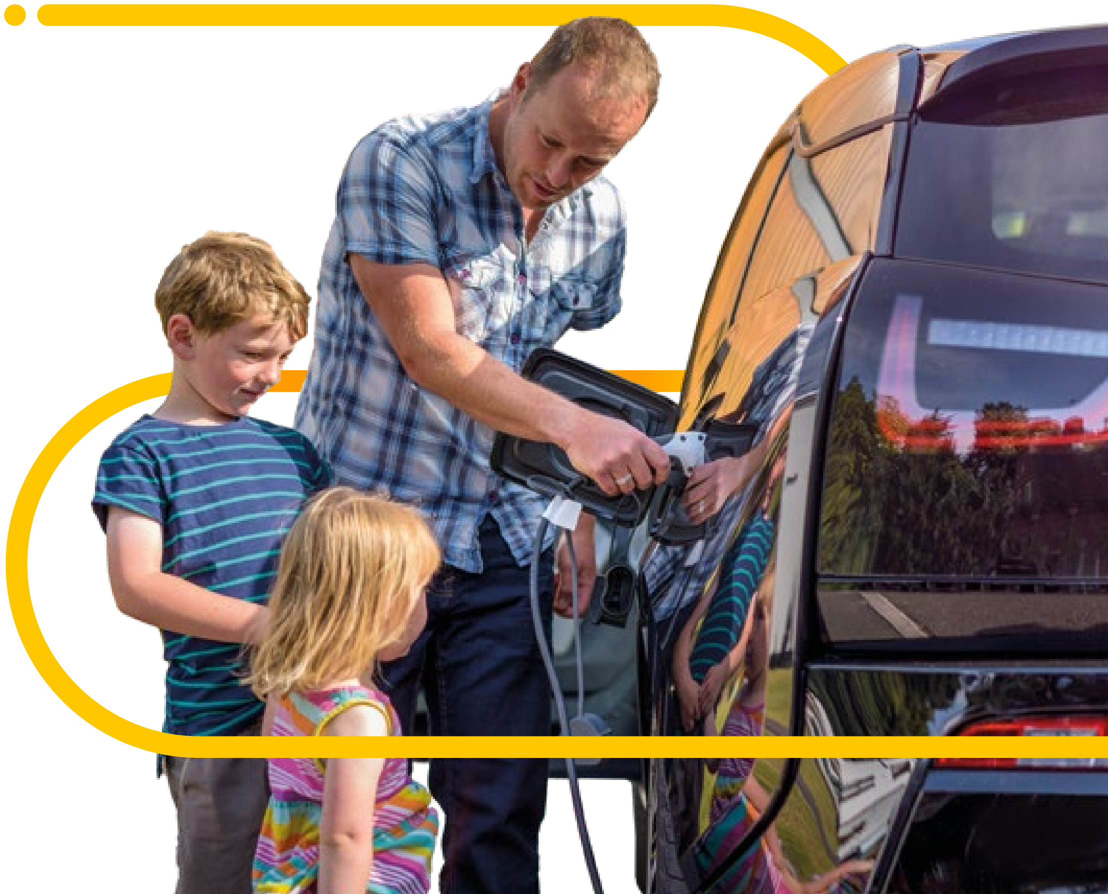
We have also used these two scenarios to evaluate Intertek's climate-related physical risks.

We have considered impacts over the short term (0-2 years), medium term (2 years – 2030); and long term (2030 – 2050).

In assessing materiality, we have considered both financial impacts on us and other considerations such as the importance of key climate-related topics to our clients and other stakeholders. For financial impacts, we have applied a materiality threshold of £20.8m, aligned with the materiality threshold in our financial statements. We have considered the materiality of risks on a 'net risk' basis i.e. taking into account relevant risk mitigations and opportunities that may be linked to those risks.

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

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



Section 172 statement

Our Science-based Customer Excellence Advantage creates sustainable growth. For all.

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

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

Long-term success

We, as a Board, clearly understand our responsibility to deliver long-term sustainable success and returns for our shareholders, underpinned by the highest standard of corporate governance, conduct and integrity. We collectively review, discuss and annually agree the Group's strategy which covers a period of five years and is then linked to the viability statement as outlined on pages 43 and 44.

Intertek has been delivering pioneering safety solutions to companies for over 130 years and in that time has had to navigate multiple challenges on a local and global basis. Based on our Science-based Customer Excellence approach, we have learned much during the Covid-19 pandemic. By acting with speed, flexibility and innovation to support our clients, we have lived up to our philosophy of being a force for good and will continue to do so as the demand for Quality Assurance solutions increases post Covid-19.

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

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

The importance of having due regard to stakeholders in the context of decision-making is brought to the Board's attention regularly.

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

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

For more information about:

- the Intertek Science-based Customer Excellence Advantage and the attractive nature of our industry, Intertek's effective Purpose-led long-term 5x5 strategy for growth, see pages 1 to 22 in our Strategic Report;
- the exciting structural growth drivers in the global Quality Assurance market post Covid-19 and the focus on climate change, see pages 8 to 9 in our Strategic Report;
- what we are doing to address our impact on climate change and the environment, and why sustainability is central to everything we do, see pages 49 to 57 of the TCFD statement and pages 24 to 29 in Book two; and
- how we consider Intertek to be viable and a going concern, see pages 43 and 44 of the Strategic Report and page 72 of the Audit Committee report in Book two.

Section 172 statement Continued

Principal decisions

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

For Board consideration	Stakeholders affected	How stakeholders affected were considered	The principal decision and outcome(s)
Whether the 2022 final and interim dividend should be paid in line with our dividend policy.	• Communities • Employees • Governments • Investors	The Board carefully reviewed the performance of the Group in Q1 and then at the half-year, together with the 2022 outlook for the profit and loss account and the balance sheet. They also considered the impact of this decision on our shareholders, many of whom are pension funds which then has a bearing on individuals in the wider community together with the tax paid on such dividends. Many of our employees are themselves also shareholders and these payments reflected Intertek's ability to deliver sustainable growth and value for all of our stakeholders.	The Board recommended a full-year dividend of 105.8p per share, in line with the previous year, with payment of a final dividend of 71.6p to shareholders in June 2022 and an interim dividend of 34.2p in October 2022. This recommendation reflected the Group's strong progress in 2021 in revenue, margin, earnings and cash together with a robust financial performance in the first half of 2022 and the Board's confidence in the strengths of our high-quality growth business model. The Board concluded that it was in the long-term interest of the Company to proceed with the payment of the dividends.
Acquisition of Clean Energy Associates, LLC ('CEA').	• Communities • Customers • Employees • Investors	The Board undertook an extensive review of the business, the market, strategic rationale, management team, culture and the business plan, as well as many other important factors. The Board, having consideration to CEA being a market-leading independent provider of quality assurance, supply chain traceability and technical services to the fast-growing solar energy and energy storage sectors, considered the acquisition to be a compelling opportunity for Intertek to expand its sustainability service in the fast-growing quality assurance market for solar energy and energy storage. Due to CEA's position as a trusted partner to some of the world's leading solar project developers, owners and financiers across the value chain, the Board deemed the acquisition to be a good fit with Intertek's existing solar energy service offerings in product testing and certification and in-field inspections, providing an end-to-end service offering to support customers on their decarbonisation and energy sustainability journeys. The Board also saw the opportunity for CEA to benefit from Intertek's global network and customer base, facilitating expansion opportunities into new geographies.	Following the Board's extensive and careful consideration, it resolved to approve the acquisition of CEA after reviewing and agreeing that CEA would form part of the future long-term success of Intertek and was in the best interests of all of its stakeholders. The acquisition of CEA was announced in July 2022.
Continued the review of the global Covid-19 Health and Safety ('HSE') Policy.	• Communities • Customers • Employees • Environment • Government and Regulators	Our main priority is always to ensure the health and safety of our employees. By implementing a policy which applies Group-wide, we ensured that our employees continue to exercise safe practices throughout the ever-changing landscape of the pandemic. The Board regularly reviewed the Policy to ensure that changes were implemented to reflect evolving developments in local practices, globally, and as the understanding of the virus evolves.	In May 2022, an updated Covid-19 HSE Policy was issued to reflect important developments following the approval of multiple vaccines and the rollout of vaccination programmes.

Section 172 statement Continued

Board engagement with stakeholders (matters B, C, D & F)

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

Strategic priorities

- Differentiated brand proposition
- Superior customer service
- Effective sales strategy
- Growth and margin-accretive portfolio
- Operational excellence

More on page 10

Our strategic enablers

- Living our customer-centric culture
- Disciplined performance management
- Superior technology
- Energising our people
- Delivering sustainable results

More on page 10

Principal risks

01 Reputation
02 Customer service
03 People retention
04 Macroeconomic
05 Health, safety and wellbeing
06 Industry and competitive landscape
07 IT systems and data security
08 Covid-19
09 Contracting
10 Regulatory and political landscape
11 Business ethics
12 Financial risk

More on page 43

Section 172 statement Continued

Customers

Link to strategy and risk

Principal risks

01 02 03 04 05 06 07 08 09 10 11 12

More in Book two, pages 17 to 23

Their material issues/priorities

- Science-based Customer Excellence approach
- Global supply chain disruption.
- Consistent high quality work.
- Speed of service delivery.
- Safety in workplaces.

Why and how the Board engages

- Customer engagement is important for customer growth as it develops and strengthens our customer relationships enabling Intertek to understand the services they need and what they expect from us.
- To ensure that we continue to innovate and anticipate the growing needs of our customers, constantly evolving and improving our customer proposition to meet their changing needs and the changing world around us.
- By offering our customers the Intertek Science-based Total Quality Assurance advantage to strengthen their businesses and supporting them to thrive in an increasingly complex world.
- Regular reports to the Board with detailed deep dives on major customers during 2022.
- Data Intelligence Benchmarking by site, service, and customer.
- Net Promoter Score listening to c.5,400 customers per month.
- By visiting two customers in India in October 2022.

Outcome of engagement

- It was clear from engagement that products launched during the pandemic, namely Protek, had been vital in ensuring the safety of customers' employees returning to the workplace.
- Sustainability is one of the priorities for customers as this becomes an area of increasing focus to make the world a better place.
- Recent examples of innovation by engaging with our customers are Intertek EcoCheck, Intertek TOXCLEAR and the development of enhanced features to our market-leading supply chain compliance solution, Inlight 2.0 (see more information in the CEO report on page 11).

Further examples are below:

- In July, Intertek Hong Kong celebrated the opening of its Pet Product Testing Centre offering innovative pet product testing solutions to the market.
- In September, Intertek launched a new certification for vegan foods. Intertek's Vegan Certification Programme has several facets to determine the suitability of food products for vegan consumers.
- In December, Intertek Assuris launched Green R&D, an integrated solution that ensures the sustainability, quality and safety attributes of a product are optimised from its conception all the way through its life cycle.

People

Link to strategy and risk

Principal risks

01 02 03 05 07 08 11

More in Book two, pages 10 to 16

Their material issues/priorities

- Safe laboratory and office working environments.
- Employee engagement, wellbeing and mental health support.
- Job security.
- Ethical practices.
- Training and Recognition.
- Information on the business.
- Community involvement.

Why and how the Board engages

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

Outcome of engagement

- In 2021, Intertek Check Safety First ('CFS') worked closely with SPS Training and the Stevenage Job Centre to offer young people an opportunity to join Intertek under the Government's Kickstart Scheme. At the end of a six-month placement, Intertek gained three high performing full-time permanent employees. This was the result of the overall commitment demonstrated by CSF UK team to create the inclusive working conditions and a very welcoming environment for young professionals. Presenting the award in September 2022, Mehul Shah, CEO of SPS said: "Intertek are very worthy winners of our Employer of the Year award after the committed and dedicated work they have done over the past few years in providing opportunities for young people to establish a career. They have had incredible success with the young people placed with them and are worthy winners of this award".
- In July 2022, the Social Innovation Foundation of Thailand presented Intertek Thailand with a certificate to recognise Intertek's support to the Government-sponsored Foundation by providing employment to people with disabilities. We believe that people with disabilities should have equal opportunity to work and be able to access all economic and social opportunities without discrimination.
- Diversity is part of Intertek's core values. There is a diverse workforce of 44 nationalities in MENAP and we take pride in creating an environment to recognise and celebrate unique cultures. In October, Intertek MENAP offices celebrated Diwali, Indian Festival of Lights, with employees from different offices and nationalities coming together to celebrate the festive occasion, fostering the spirit of teamwork and openness in embracing different cultures. The opportunity was also taken to recognise colleagues' long service.

Section 172 statement Continued

Investors

Link to strategy and risk

Principal risks

01 02 03 04 05 06 07 08 09 10 11 12

More in Book two, page 62

Their material issues/priorities

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

Why and how the Board engages

- We are responsible to the Company's shareholders for the proper conduct and success of the business and our shareholders play an important role in monitoring and safeguarding the governance of the Group. We do everything for the benefit of our shareholders, whether they are large institutions or private shareholders, financially through the returns we generate for them and reputationally through the way we operate.
- The Chairman holds meetings with shareholders to discuss Corporate Governance annually.
- One shareholder consultation was undertaken during the year prior to the Directors' Remuneration report vote at the Annual General Meeting ('AGM').
- Feedback from all such meetings with shareholders is given to the Board.
- Regular investor relations updates to the Board.
- The 2022 AGM facilitated the participation of shareholders virtually via Microsoft Teams enabling them to ask questions and ensuring their wellbeing, safety and inclusivity.

Outcome of engagement

- The feedback from the meetings the Chairman had with shareholders was positive and the shareholders continue to be supportive of Intertek's strategy, the management and the Board. The shareholders raised queries on the business post the pandemic and the opportunities for growth in sustainability.
- Following feedback from investors and other stakeholders, and in line with the Group's wider Purpose of bringing quality, safety and sustainability to life, we introduced an ESG element into the annual incentive framework. More information is outlined in the Remuneration Committee report in Book two, pages 78 to 94.
- Decision to pay the full-year and interim dividends.
- Focus on carbon emission reduction plans.

Communities

Link to strategy and risk

Principal risks

01 02 03 05 06 08 10 11

More in Book two, pages 30 to 35

Their material issues/priorities

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

Why and how the Board engages

- We are Purpose-led and passionate about making the world a better place; bringing quality, safety and sustainability to life.
- We are committed to supporting the communities in which we operate, and wider society as a whole, as a force for good.
- Our sustainability, growth and innovations, as well as the services we provide to our customers, also generate direct and indirect benefits for communities in which we operate.

Outcome of engagement

- In August 2022, a group of 20+ students from the Hong Kong Academy for Gifted Education attended a taster course by Intertek Hong Kong, allowing them to get a taster of what to expect from the pharmaceutical product testing field.
- In November 2022, Intertek Thailand initiated an employee volunteering programme to help the Baan-Kor-Wang School and for colleagues to give back to their communities. The project received overwhelming positive feedback and support from employees across all business lines, through personal donations and volunteering efforts. Nearly 200kgs of rice, dozens of seasonings, children's face masks and stationery were donated, and about 30 volunteers participated on-site, painting the school's walls and discarding the old and unused mushroom farming hut. The kindness and compassion shown by our colleagues not only brightened the day for the students but it also energised our people by doing the right thing for society.
- In India, the Textile Technology Training Centre's skill development initiative aims to provide vocational training, technical knowledge sharing and learning by working in a Softlines laboratory. In December 2022, after a three-month intensive course, the first batch of 45 trainees graduated. A small graduation ceremony was held for the 45 interns in Tirupur. The excitement amongst the students was palpable. In post-ceremony interactions, students shared their stories and learnings in the three-month period. Many described their experience as "a golden opportunity" and "a turning point in their lives". Armed now with skill sets making them ready to be employed, the children of farmers and daily wage earners now have a chance at a brighter future.
- In December 2022, Intertek Assuris in Mississauga hosted a holiday get-together and fundraiser in support of the Canadian Mental Health Association ('CMHA'). The results for this day's activities were overwhelming, raising $1,000 CAD for the day alone. With these proceeds, combined with an additional $600 CAD raised throughout the year, the social committee of Assuris will be making a total donation of $1,600 CAD to CMHA.

Section 172 statement Continued

Government and Regulators

Link to strategy and risk

Principal risks

01 03 04 05 06 07 08 09 10 11

More in Book two, page 22

Their material issues/priorities

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

Why and how the Board engages

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

I am excited for our LATAM colleagues to participate in the very first Compliance Week. It's important to reinforce best practices when it comes to compliance; focusing on compliance-related topics throughout the week provides the perfect opportunity to do so."

Carlos Velasco,
President Latin America and Caleb Brett, Agri, Minerals – Americas.

Outcome of engagement

- The annual revision and update to the Core Mandatory Controls to ensure that the business operates under essential controls in line with local requirements and the expectations of doing business.
- The annual Code of Ethics training which is updated each year.
- The first-ever Intertek Compliance Week took place in December 2022 across our LATAM offices and labs, where our colleagues celebrated 'Doing Business the Right Way'. Events planned throughout the week included daily Compliance Talk podcast episodes, training, and quizzes created by our Americas Compliance Team, all provided in English, Portuguese, and Spanish. Compliance Week was developed by our Compliance team to recognise the high level of integrity underpinning the way we work, guiding our decision-making, and connecting our colleagues across the world. This programme will be rolled out in other locations in 2023.

Section 172 statement Continued

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

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

For more information about:
- how we carry on business responsibly, see Book two, pages 32 to 35;
- our safety priorities, policies and performance, see Book two, page 10; and
- our system of internal control including our management of risk, see Book two, pages 50 and 76.

Group non-financial information statement

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

Reporting requirement	Description, implementation, due diligence, outcomes and additional information	
Environment	Environment	More in Book two, pages 24 to 29.
Employees	Nomination Committee report	More in Book two, pages 67 to 70.
	Risk management	More in Book two, pages 50 and 76.
	People and Culture	More in Book two, pages 10 to 16.
Social matters	Communities	More in Book two, pages 30 to 32.
Human rights	Responsible Business Practices	More in Book two, pages 33 to 35.
Anti-corruption and anti-bribery	Principal risks and uncertainties	More on pages 43 to 48.
	Doing Business the Right Way	More in Book two, page 34.
	Compliance, whistleblowing and fraud	More in Book two, page 50.
Description of principal risks and impact of business activity	Principal risks and uncertainties	More on pages 43 to 48.
	TCFD statement	More on pages 49 to 57.
	Section 172 statement	More on pages 58 to 64.
Description of the business model and the Science-based Customer Excellence Advantage	Our business model	More on pages 14 to 23.
Key performance indicators	Financial KPIs	More on pages 24 and 25.
	Non-financial KPIs	More on pages 26 and 27.

The Strategic Report was approved by the Board on 27 February 2023.

On behalf of the Board

André Lacroix
Chief Executive Officer

Book two

sustainability report

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

We are pleased to share with you our Annual Report & Accounts in a unique, three-book format:

Book one - Strategic Report
Book two - Sustainability Report
Book three - Financial Report

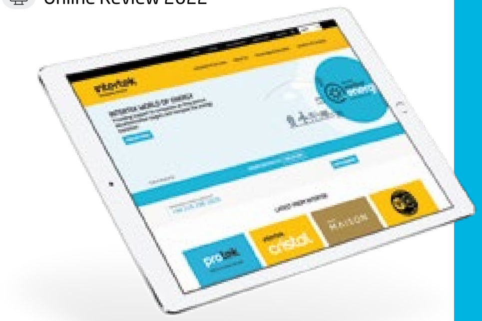
These separate, but connected books, with their interconnected themes and narratives, allow us to present what we achieved in 2022 in a systemic, end-to-end architecture.

They have been designed to make it easier for our stakeholders to fully understand our business, how we bring quality and safety to life, what we offer our clients and society, and the opportunities we have ahead of us.

The three books, which allow us to present our work in 2022 to you through the three important lenses of growth opportunities, sustainability goals and financial performance, should be read together to form our Annual Report & Accounts 2022.

Look out for these throughout the report:

- Reference to another page in the report or to an external web page
- Intertek Sustainability Disclosure Index
- Online Review 2022



Visit our website for more information

intertek.com

this report

strategic report

Where we discuss our growth opportunities and strategic performance.

Book one

sustainability report

Where we discuss our environmental, social and governance progress.

Book two

financial report

Where we record our financial activities, performance and position.

Book three

Chief Executive Officer's sustainability letter

Achieving sustainability excellence in 2022

> I would like to thank all our amazing Intertek people for the incredible contribution they once again made during 2022, leading by example in every operation."

André Lacroix
Chief Executive Officer

At Intertek, we have long recognised that sustainability is the movement of our time. This is what drives our people and organisation to ensure we always place sustainability at the heart of everything we do, and we can proudly say we are a force for good in the world.

We are deeply committed to the Intertek sustainability agenda, which enables us to deliver sustainable value for all our stakeholders, from customers and employees to shareholders, suppliers, regulators and the communities in which we operate.

At its core, Intertek is a network of individuals with exceptional technical skills and expertise, guided by science and delivering an unwavering commitment to our customers. As I reflect on the last year, I'm proud of our performance, which saw us consistently apply our Science-based Customer Excellence ('SBCE') approach to making a positive difference in the world through the services we provide to our customers and our own sustainability agenda.

Read more about SBCE in Book one, page 6

Delivering our science-based approach to more than 400,000 companies around the world makes us mission-critical to the future of the planet.

Internally, being truly sustainable means much more than achieving net zero and is about demonstrating sustainability excellence – end-to-end – in each of our operations. Our SBCE-focus gives us the structure and discipline we need to help us deliver against our own performance targets.

People driving a systemic approach across all operations creating sustainable value for all
I would like to thank all our amazing Intertek people for the incredible contribution they once again made during 2022, leading by example in every operation.

Achieving ever better performance and being a force for good depends on having a truly diverse, inclusive and empowering culture that helps our people grow, develop and innovate. But our people are not just the beneficiaries of this culture. They are also its creators and guardians. They have therefore yet again proved themselves to be the force that's accelerating Intertek.

Our Sustainability Excellence Framework

I firmly believe that to be a leader in sustainability, we must live by and live up to the same standards our services enable our customers to embrace. That is why we developed our unique Sustainability Excellence Framework, implemented in every operation, to deliver against our Values.

The Framework is solidly underpinned by our commitment to the highest standards of corporate governance, our systemic risk management practices, the Total Sustainability Assurance ('TSA') standards and our commitment to provide total transparency across our actions to demonstrate accountability to our stakeholders.

We have built the Framework itself around five essential elements that continuously encourage, enable and empower all our people to achieve sustainability excellence.

1. Who we are

We are led by our Purpose of bringing quality, safety and sustainability to life. To do so, we live by our strong Values every day, which in turn empowers us to aspire to our Vision of being the world's most trusted partner for Quality Assurance.

2. What we do

We continuously bring our customers ever better, industry-leading ATIC solutions that help them create a more resilient and sustainable world. An essential element of our offering is the holistic, end-to-end Intertek TSA programme, which empowers our customers to achieve, deliver and communicate their sustainability excellence across all parts of their business.

3. How we do it

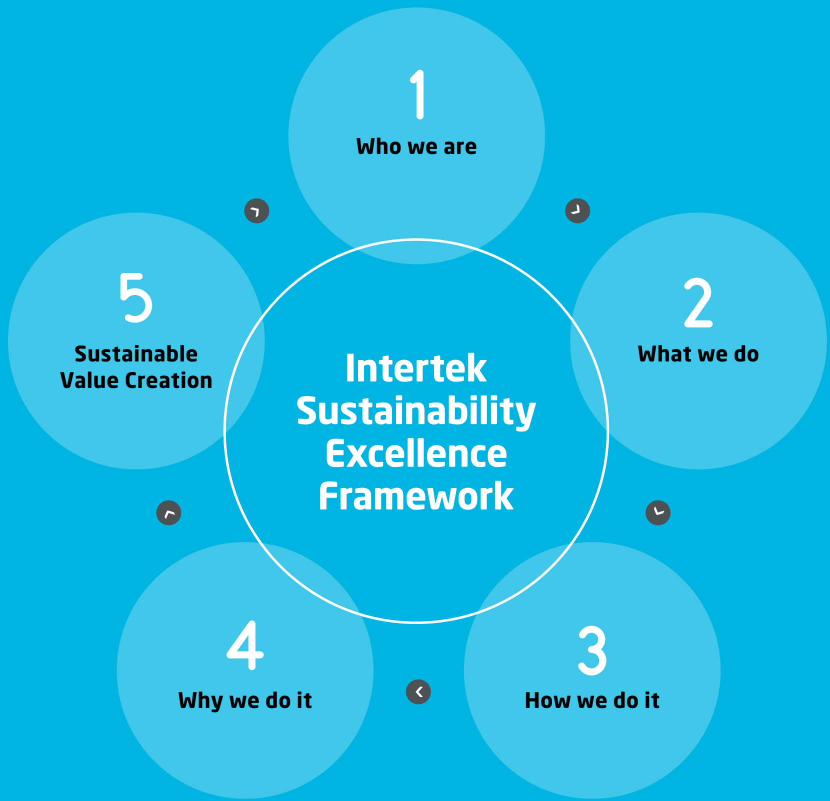
We focus on achieving sustainability excellence in all our operations, always holding ourselves to the same TSA Corporate Sustainability Certification standards against which we certify our customers (see page 5). We recognise the importance of determining and prioritising the key sustainability topics relevant to the business and our stakeholders and develop our focus areas through ongoing engagement. Our core focus areas include – People and Culture, working with our Customers, protecting the Environment and supporting the Communities in which we operate. All whilst applying responsible business practices and 'Doing Business the Right Way'.

4. Why we do it

Quite simply, we are passionate about creating an ever better world for future generations. Together, these four elements collectively enable us to deliver against the fifth:

5. Sustainable Value Creation

This is what gives us the right to call ourselves 'an amazing force for good in the world', delivering sustainable growth for all stakeholders. It's squarely based on the Intertek USP that provides the theme to this year's report: the Science-based Customer Excellence that enables us and our customers to lead in quality, safety and sustainability.



Read about our High-Quality Earnings Model in Book one, page 13

Chief Executive Officer's Sustainability letter Continued

Sustainability is central to Intertek

As a purpose-led company, we have embedded sustainability deeply in:

Our Purpose:
To bring quality, safety and sustainability to life.

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

Our Values

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

Making a difference in a challenging year

The last year presented many exceptional challenges, arising from the continued impact of the Covid-19 pandemic, the war in Ukraine, economic issues and other crises unfolding in countries and regions across the world. For this reason, we have had to concentrate our efforts more closely than ever before on creating an ever better world for future generations.

In this report, you can read about the thinking, the actions and the innovations we delivered and enabled for our customers during 2022 that together reflect the mission-critical role of sustainability at Intertek.

Read more about how we work with our Customers on pages 17 to 23

These extend beyond our own sustainability results to also embrace the many ways in which our services are helping our clients operate more safely and more sustainably. This in turn is helping to create happier and healthier lives for many millions of their customers across the world.

I'm pleased to say that our sharpened focus on our net zero action plans as well as our Beyond Net Zero goals has been well received across our stakeholder groups. These commitments have provided a clear roadmap with defined actions our businesses will take to drive positive impacts.

2022 highlights from our internal sustainability programme include:

- Continuous progress on Health and Safety with a reduction of 7bps in our Total Recordable Incident Rate vs 2021.
- Since 2015, we have used the Net Promoter Score ('NPS') process to listen to our customers. We continue to conduct on average 5,400 interviews each month.
- We are driving environmental performance across our operations through new science-based reduction targets to 2030 and site-by-site action plans. Our rigorous monthly performance management of our net zero plans against emission reduction targets has delivered total CO_2e emissions (market-based) reductions of 7.8% vs 2021. Increasing our use of renewable energy is a priority as we continue to invest in new sources of clean energy.
- We recognise the importance of employee engagement in driving sustainable performance for all stakeholders, and we measure employee engagement against our Intertek ATIC Engagement Index. Our 2022 score was 80.
- Our voluntary permanent employee turnover rate returned to the same level as seen prior to Covid-19 with a rate of 14%.
- Achieving ever better performance depends on being constantly open to pioneering new ideas that enable us to improve what we do and how we do it. This means having an organisation that is truly diverse. We recognise the value that individuals of different backgrounds and capabilities bring to the business and are determined to increase the number of women in senior leadership roles and pursue our goal of having at least 30% by 2025.

Read more about our sustainability performance on pages 10 to 35.

We never stand still as a business. While we are proud of these achievements, they have set the standards that we are determined to exceed in future.

Building Back Ever Better in our communities

As a business we contribute to our communities in many ways and each of our operations is part of a unique local ecosystem. In 2021 we launched the #BBEB platform, bbeb.com, with the intention of creating "a truly Glo-cal community-based movement to help people in their local community space to inspire friends, family and public institutions to Build Back an Ever Better world".

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

Join bbeb.com today and help build an Ever Better world

Our TSA solutions

Offering innovative sustainability services to our clients is core to our value proposition and we are committed to pioneering new solutions that will help our clients.

What our clients are looking for today is systemic, independent end-to-end assurance on all aspects of their sustainability journey. Intertek TSA is a holistic programme empowering our customers to achieve sustainability excellence across all aspects of their business and communicate results with confidence.

TSA is a global programme that leverages our footprint in over 100 countries and covers all industries. We have built a team of sustainability experts in every major region, who can help with both a global and local perspective.

Intertek TSA is comprised of three parts:

- Intertek Operational Sustainability Solutions;
- Intertek ESG Assurance; and
- Intertek Corporate Sustainability Certification.

Chief Executive Officer's Sustainability letter Continued

Investing for sustainable growth

During the year, as well as growing our organisation organically through increased demand for our services, we also made significant investments in key areas of our business where we believe demand is set to grow. One of these is the World of Energy, and we have strengthened our ability to support leading energy companies in managing the transition to a more sustainable future.

As well as investing in existing resources, we made acquisitions including that of Clean Energy Associates LLC ('CEA'), a market-leading quality-assurance provider to the fast-growing solar-energy and energy-storage sectors.

Read more about CEA in Book one, page 12

We also launched several new sustainability-linked innovations. These include ToxClear, supporting the development of more sustainable supply chains in the fashion industry by enabling brands and suppliers to achieve transparency and traceability on the chemicals used in manufacturing. Intertek EcoCheck, a tourism solution that audits management systems and provides a carbon footprint calculation, enables our clients to demonstrate tangible action to reach their carbon targets. On another front, we launched a new Vegan Food certification mark that gives consumers transparency about claims made for vegan foods.

Among many other initiatives and highlights, we also celebrated the first anniversary of our innovative Minerals Global Centre of Excellence in Perth, Western Australia. This pioneering facility aims to help mining and exploration companies produce the future-focused commodities that are becoming increasingly essential in enabling a more sustainable world.

Read more about innovative sustainability services we provide to our customers on page 17

2023 and beyond

Looking ahead, we are ideally placed to benefit from a forthcoming step change in sustainability management, based on heightened expectations from customers, regulators and other stakeholders.

Corporations are therefore increasingly focused on safety, quality and sustainability. Most important, they will be required to place more emphasis than ever on independently verified ESG disclosures to meet growing demand for progress and transparency.

Growth opportunities in the World of Energy are particularly exciting. This is especially true considering growing recognition that net zero targets will be unachievable without a major acceleration in technology and investment to increase the use of renewables and carbon capture.

Intertek, with our global operations, SBCE advantage and amazing people at the forefront of their fields, is better placed than anyone else to benefit from all these forces.

Our ATIC solutions are already essential for our clients to power ahead safely and sustainably, and we will continue to assure our clients with the peace of mind that's brought by the knowledge that they have the right quality, safety and sustainability standards in place, 24/7.

This is how, along with our own commitment to sustainability excellence, we aim to continue making the world a better, safer and more sustainable place for everyone.

André Lacroix
Chief Executive Officer

ESG Credentials

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

MSCI ESG RATINGS — CCC | B | BB | BBB | A | AA | AAA — AAA

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

FTSE4Good

We were included in the FTSE4Good Index for the sixth year running.

Corporate ESG Performance — RATED BY ISS ESG — Prime

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

Rated — MORNINGSTAR | SUSTAINALYTICS

In July 2022, Intertek received an ESG rating of 19.8 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors.[3]

CDP — DISCLOSURE INSIGHT ACTION

Intertek participates annually in CDP's Climate Change Programme. In 2022, CDP recognised our progress with a 'B' score.

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

Our Sustainability Approach

Sustainability excellence in every operation

At Intertek, our goal is to deliver sustainability excellence across all operations.

Our Ever Better systemic approach is based both on the requirements of the Total Sustainability Assurance ('TSA') Corporate Sustainability Certification Standards – which provide the definition of what it means to be a sustainable company, end-to-end – as well as our assessment of material topics for our stakeholders.

Building on this, our continued engagement with stakeholders helped us to identify our focus areas. Processes and procedures are implemented, and we report our progress through this report, our website and through continued engagement with our stakeholders.

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

An Ever Better systemic approach

1 Total Sustainability Assurance standards

The TSA programme is based on ten corporate sustainability standards that we believe define a truly sustainable organisation today. We believe that these TSA standards are the most comprehensive sustainability standards currently available, forming the foundation of our approach, challenging us to view our processes and procedures through this end-to-end lens.

Our ten TSA Corporate Sustainability Certification standards demonstrate actionable, comparable, consistent and reliable disclosures and provide assurance beyond ESG disclosures. They 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.

To embed the requirements of all ten standards and review our progress, we carried out a self-assessment for each standard followed by a gap assessment audit of our corporate head office and a selection of operational sites that are representative of the mix of business lines and activities within our operations.

The audit team comprised subject matter experts from our Business Assurance business line, who benchmarked our sustainability programmes against the requirements of each standard.

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

The outcomes have further fed into our Ever Better approach and provided valuable insights which will enable us to align our sustainability initiatives and priorities further.

Ten TSA Corporate Sustainability Certification standards

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

Our Sustainability Approach Continued

2 Materiality

We recognise the importance of determining and prioritising the key sustainability topics relevant to the business and our stakeholders. We assess material topics using social, environmental and financial criteria, taking into account the methodologies of AccountAbility's AA1000 Principles, the GRI Standards, CDP, UN SDGs and SASB guidelines.

Intertek supports the development of globally adopted sustainability disclosure standards and will consider their impact on our material topics in the future.

Recognising the dynamic nature of materiality, this process is reviewed at least bi-annually to ensure that views and emerging trends are being addressed by Intertek.

We have addressed the material topics identified within our focus areas.

3 Engagement

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

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

Read more about our engagement with key stakeholders on pages 52 to 62

4 Focus areas

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

Our core focus areas include: People and Culture; working with our Customers; protecting the Environment; and supporting the Communities in which we operate.

All whilst applying responsible business practices and 'Doing Business the Right Way'.

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

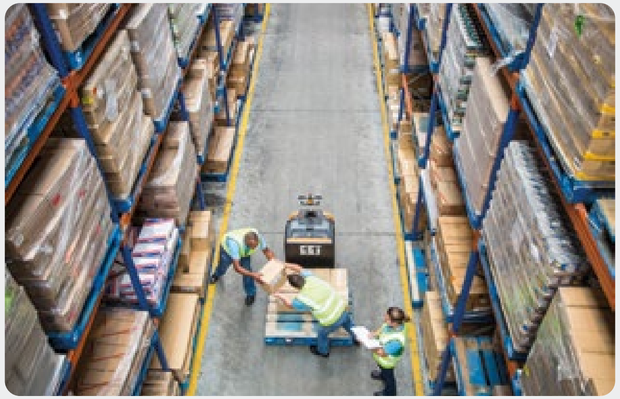
Read more detail on our focus areas on pages 8 and 9

Our Sustainability Approach Continued

5 Implementation

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

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



6 Reporting

Reporting on our sustainability performance indicators in a consistent and accurate manner is essential to deliver transparency. We recognise that corporate disclosure and transparency are key catalysts for driving change.

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

The following pages will demonstrate how we bring quality, safety and sustainability to life and provide our stakeholders with a transparent account of the progress we have made on the most material sustainability issues the Group faced during 2022.

intertek.com/about/our-responsibility/

Intertek Sustainability Disclosure Index

Our Science-based approach to Sustainability Excellence is helping us to make progress and a positive difference in the world."

Ida Woodger
Head of Sustainability

Our Sustainability Approach Continued

Our focus areas

Our Ever Better systemic approach to Sustainability Excellence identified four core focus areas:

People and Culture

Our goal is to have fully engaged employees working in a safe environment

Read more on pages 10 to 16

Link to risks: 1 3 5 7 8 11

What we measure:

- Health and Safety incidents
- Employee engagement
- Voluntary permanent employee turnover
- Diversity and inclusion metrics

Why it matters:

Our people bring exceptional technical skills, expertise and their passion and energy to our business and in turn we must keep them safe and engaged and offer them exciting personal growth opportunities.

In action

10X Leadership

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

Read more about 10X Leadership and our 10X Coaching Certification Programme on pages 57 and 58.

Working with Customers

Ensure our customers can operate safely and sustainably in a complex world

Read more on pages 17 to 23

Link to risks: 1 2 4 6 7 9 10 11

What we measure:

- Customer satisfaction
- Operational Excellence

Why it matters:

Our science-led services and innovations give our customers the solutions they need to overcome their own risk and challenges in quality, safety and sustainability, enabling them to power ahead with confidence.

In action

Innovative sustainability services

Through our leading-edge innovations and integrated ATIC solutions, we are uniquely placed to help our customers understand, achieve and validate their existing and emerging sustainability goals.

Our Sustainability Approach Continued

Environment

Decarbonise our business by 2050

Read more on pages 24 to 29

Link to risks: 1 2 6

What we measure:

- Emissions
- Energy
- Waste

Why it matters:

We have a responsibility to minimise negative environmental impacts from our operations, in compliance with regulations, and to live up to the requirements and expectations of our key stakeholders.

In action

Implementing net zero action plans

Across Intertek we are progressing rapidly on our net zero journey with our detailed action plans and new targets in place.

New initiatives, like our solar energy projects in India and Bangladesh, are contributing to setting us on our path to meeting our group targets.

Communities

Create positive impacts in the communities where we operate

Read more on pages 30 to 32

Link to risks: 1 10 11

What we measure:

- Community projects
- Environmental projects
- Education projects
  Engagement through #BBEB

Why it matters:

Taking active responsibility to support the communities and environments where we operate to create sustainable growth for all.

In action

Engaging with communities around the world

Bringing quality, safety and sustainability to life by developing open relationships with, and investing in, the communities in which we operate builds trust and collaboration.

Our commitment is brought to life through practical support and assistance where we believe we can make the greatest difference.

Sustainability performance

People and Culture

Our goal is to have fully engaged employees working in a safe environment.

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

Our people bring exceptional technical skills, expertise and their passion and energy to our business and in turn we must keep them safe and engaged and offer them exciting personal growth opportunities.

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

Ensuring the health, safety and wellbeing of our employees

Through having fully engaged employees working in a safe environment will we be able to deliver our TQA Customer Promise.

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

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

We firmly believe that to drive progress, the performance indicators we track must focus on the diligent implementation of robust processes and actions that lead to building a culture of proactive H&S awareness.

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

We continue to build an open and trust-based environment that reports and learns from safety risks and incidents. During 2022 we have seen levels of Hazard Observations and Near Misses increase, reflecting increased levels of activity across our sites as well as greater awareness and reporting overall.

Even if accidents or incidents occur, our safety culture, processes and mitigating actions have the strength needed to ensure that no significant harm occurs, which is demonstrated by our progress of driving the Total Recordable Incident Rate down 7bps on 2021.

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

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

Workplace mental health

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

During 2022 we have deepened the impact of our Kindness programme through our workshops which have now been run across all Intertek regions.

The programme covers six spaces to focus on during this personal experience that will help each of us to make sure that we do the simple things that help build our own personal strength and resilience – to help us re-energise, boost our wellbeing and unleash our potential. We see these as the core areas of wellbeing.

0.44
Total Recordable Incident Rate

Group[1]	2022	2021	change
Hazard Observations	**20,992**	19,172	9%
Near Misses	**3,328**	3,044	9%
First Aid	**789**	1,043	(24%)
Lost Time Incidents	**93**	120	(23%)
Medical Treatment Incidents	**96**	101	(5%)
Fatalities	**0**	1	(1)
Total Recordable Incident Rate ('TRIR')[2]	**0.44**	0.51	(7bps)

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

Sustainability performance Continued

Talent attraction, reward and recognition

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

intertek.com/careers

We fully recognise the importance of employee engagement in driving sustainable performance for all stakeholders. In order to measure our employee engagement, we follow the Intertek ATIC Engagement Index which is based on the key drivers of sustainable value creation within our differentiated ATIC business model, and which measures engagement on a monthly basis in every operation with the following metrics: Net Promoter Score, Customer Retention, Quality, Voluntary Permanent Employee Turnover and Total Recordable Incident Rate. For 2022, our ATIC Engagement Index score remained at the same level as 2021 with a score of 80. We believe engagement levels across the Group are high and our target is to achieve an engagement index score of 90 moving forward.

During the year our Voluntary Permanent Employee Turnover rate averaged a rate of 14%, returning to the same level as seen prior to Covid-19. As we progress our People Strategy we will continue to aim for a rate below 15%.

Talent management

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

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

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

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

Reward and recognition

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

At Intertek, remuneration for all employees follows the same policy and principles as for the senior executives. The Remuneration Committee has oversight of this.

Read more about this on pages 80 to 86

We depend on local management to define and maintain competitive compensation practices that appeal to both existing and future talent. All employees are remunerated in accordance with local policies and guidelines. The remuneration comprises elements which are fixed, and in some cases, variable. The fixed elements are base salary and benefits including pensions, where applicable. The variable elements include incentives, both short- and long-term.

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

Intertek is an accredited Living Wage Employer in the UK

Recognition plays an important part at Intertek and we take every opportunity to recognise great performance across the business through our internal channels.

Read more about this on page 58

In action

Recognition across our regions

Celebrating exceptional performance from our colleagues and teams across the Group is an important part of our Culture.

During the year, we have had the chance to come together in Town Hall meetings, to honour outstanding individuals who contribute positively and spread great energy to people all around us.

These events take place both in person and virtually, connecting our colleagues across the world.

Our teams in Vietnam took the opportunity to celebrate and reflect on outstanding performance throughout the year. We are very passionate about developing our people and we strive to engage and energise all of them through operational excellence. Offering opportunities to grow, both personally and professionally, in a collaborative environment, through training and recognition.

Sustainability performance Continued

Skills development
As a provider of quality, safety and sustainability assurance services, Intertek relies on a skilled workforce. We are committed to offering attractive career development opportunities and believe in personal growth for every employee. We know that when each of us is growing and developing, we move faster along our good-to-great journey.

Over the years we have made great progress with our Leadership Development agenda as well as enhancing the tools and applications available to enable people to grow and succeed in their careers.

We ensure that all employees receive adequate coaching, development and training to be fully competent to carry out their role. This is supported by our many Group-wide programmes including talent planning processes, the 10X Journey that provides structure for individual growth planning, our 10X Energies that help define winning behaviours and '10X Way!' training to help address key development and training needs.

100%

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

The individual learning journey of each employee is supported with diverse learning opportunities that are continually refined based on business need, employee feedback, best practices, trends and new technologies.

There are many programmes across the business, providing in-house and external learning opportunities. We recognise the wide range of sectors we support require different types of technical training, education and support.
We offer:

- apprenticeships;
- internship programmes;
- college degrees;
- professional qualifications;
- formal and informal workshops and seminars; and
- coaching.

During 2022, 213 of our leaders took part in our 10X Leadership programme. Across all other programmes our employees engaged with and completed over 670,000 hours of training.

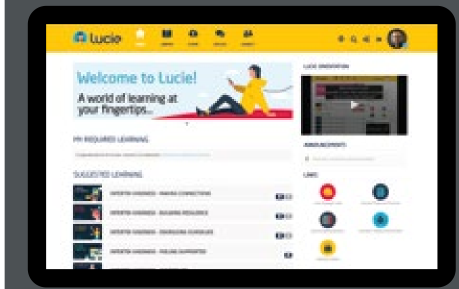
In action

Say hello to LUCIE – a new, improved learning experience

At Intertek, we seek to improve – listening and acting on what we hear, which helps us enhance the tools and applications available to enable our people to grow and succeed in their careers.

Intertek's bespoke Learning Management System ('LMS') has evolved. Our previous system, the '10X Way!', has become 'LUCIE' ('Learning Universe Connecting Intertek Expertise'). LUCIE is hosted by our very own award-winning learning platform Wisetail, bringing its world class expertise to our people's learning and development journey.

LUCIE offers everything our traditional LMS provided, and much more. With a fresh new look, the platform will not only allow us to remain compliant, but to be more connected and allow us to share ideas and resources across business lines globally. As with most projects of this nature, we transitioned to LUCIE in phases across the organisation, starting with the USA and Canada in February, followed by the rest of the Americas, EMEA and APAC in April 2022.



Inclusion, diversity and equality

At Intertek, achieving ever better performance depends on being constantly open to pioneering new ideas that enable us to improve what we do and how we do it. For us, this means having an organisation that is truly diverse and inclusive.

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

To achieve the optimum mix of skills, backgrounds and experience, workforce diversity needs to go beyond discussing the percentage of women to also include other diversity indicators. As a business we want to ensure that we have the right capabilities to deliver our strategy. We recognise the value that individuals of different backgrounds and capabilities bring to the business.

Our diverse workforce helps us to understand, communicate and trade with our vast client base through their understanding of local issues and cultures. They add value in assuring our services are tailored to our customer needs, which underpins sales growth, customer retention and satisfaction.

We demonstrate that we are an inclusive and diverse global family by applying all employment policies and practices in a way that is informed, fair and objective. This covers all policies relating to recruitment, promotion, reward, working conditions and performance management. Our Inclusion and Diversity policy facilitates a culture of inclusiveness where people are able to perform at their best, where their views, opinions and talents are respected, harnessed and not discriminated against.

We are committed to maintaining the highest standards of fairness, respect and safety.

Sustainability performance Continued

Gender diversity

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

Our goals
Improving gender balance is critical for us. We continue to focus on gender diversity by attracting, developing and retaining more talented women, particularly at senior levels.

We continue to pursue our goal to increase the number of women in senior management roles to 30% by 2025.

Metrics and performance

35%

of our global TQA Experts are women.

We ensure that men and women are paid equally for doing equivalent roles and we are committed to a number of measures to ensure we provide an energising workplace, free of any gender bias, where employees can flourish based on their talent and effort.

To strengthen this, we ensure that our shortlists of external hire candidates have a balance of gender diversity.

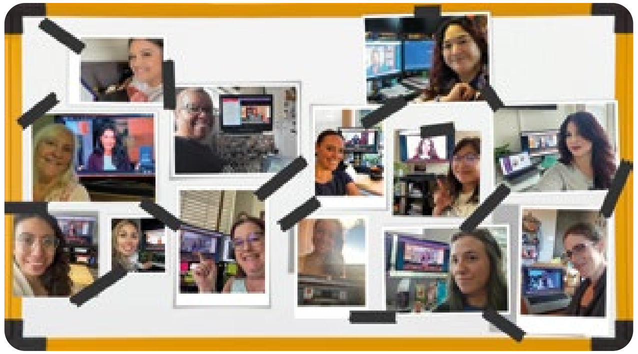
We remain committed to equality, and provide flexible working where possible and provide mentorship to women to address the gap in gender numbers at senior levels.

In action

Successful year for North America Women's Group

Our North America Women's Group, one of our Employee Resource Groups, which aims to foster a diverse, inclusive workplace aligned with our Values has continued to grow through 2022. What started as a small gathering on a quarterly basis in Austin, Texas has grown to over 50 women meeting once a month (virtually).

The group has held various ELLE! ('Empower Learn Lead Expand') Talks – featuring women leaders within the business; invited guest speakers to talk on specific subjects – including managing personal finances during the pandemic – and piloted a successful mentoring programme.



50+

women meeting once a month

	2022[1]		2021[1]	
	Male	Female	Male	Female
Board	**7**	**4**	6	3
Executive Management Team ('Exec')[2]	**19**	**2**	17	2
Direct reports ('DR')	**198**	**55**	207	65
Combined: Exec + DR	**217**	**57**	224	67
All Employees	**28,357**	**15,240**	28,385	15,678

1. Data relating to the Board and all employees is as at 31 December and the Exec and DR as at 31 October of each year.
2. As defined by the FTSE Women Leaders Review. This comprises the CEO and his direct reports (N-1).

In action

Intertek Spain implements a new equality plan

Our commitment to equality aligns with the UN's 2030 Sustainable Development Goals to 'achieve gender equality and empower all women and girls' and to 'promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all'.

In 2022, Intertek Spain committed to the implementation and development of policies that integrate the equal treatment and opportunities between women and men, as well as the promotion of measures to achieve real equality within the organisation. The main areas of action undertaken address salary policy, training, employment and work conditions, occupational health, work-life balance, the prevention of sexual harassment by reason of gender, and the non-discriminatory use of language in all communications and advertising.

Sustainability performance Continued

In action

Recognising the value that women bring to Intertek globally

Around the world, Intertek colleagues celebrated International Women's Day ('IWD') on 8 March, 2022, and explored ways they could each help to #breakthebias.

Intertek Lintec's marine services support the world's shipping industry - an industry in which women are traditionally underrepresented. On International Women's Day, we wanted to help #breakthebias by recognising the value that women bring to the marine community, the changes that are underway in the industry, and the fact that many more women now occupy senior roles, many of them among our own formidable team of women at Intertek Lintec.

At Intertek Bangladesh, female colleagues were greeted with flowers at the office entrances by their male colleagues to mark International Women's Day. Special events were organised at both regional and local offices, including the launch of a special video featuring female colleagues sharing their own stories to highlight this year's theme of #breakthebias - a theme that was extended to colleagues across South Asia in the days and weeks that followed.

In Intertek's Middle East, North Africa and Pakistan (MENAP) region, women from diverse backgrounds work across numerous different departments and functions - in the field, in laboratories, and in offices. This year we held IWD events that focused on breaking the bias, women's rights and the importance of mental health and self-care. Zeiba Rizvi, Finance Manager at Intertek Inspec, believes that International Women's Day is a great opportunity to get together, share experiences, and learn from each other: "I'm proud to be part of a diverse and inclusive organisation that empowers women and gives us a chance to grow."

Intertek Cristal is a market leading global health, safety, quality, and security risk management business focused on the travel, tourism, and hospitality sectors. The company celebrated International Women's Day with a range of initiatives aimed at acknowledging the contribution of women in the industry and empowering women by highlighting the need for an inclusive work culture where women's careers flourish, and their achievements are celebrated. This included celebrating the contribution of inspirational women in the sector of travel, tourism, and hospitality, as well as the achievements of Cristal's own inspirational women leaders.

> I'm proud to be part of a diverse and inclusive organisation that empowers women and gives us a chance to grow."
>
> **Zeiba Rizvi,**
> Finance Manager

Sustainability performance Continued

Talent across all generations

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

Our goals

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

Metrics and performance

60%

of our global TQA Experts are under the age of 40.

The technical expertise needed in many parts of our complex business is acquired over several years. This is reflected in the overall average age of 39.

We will continue to promote and endorse fair, consistent and thoughtful working practices that are in accordance with our Values.

At Intertek, we are proud to be an equal opportunities employer.

We consider all qualified applicants for employment regardless of gender, ethnicity, religion, age, disabilities and other protected characteristics.

In action

Intertek Cristal win Employer of the Year Award

Intertek Cristal were the worthy winners of the SPS Stretch Employer of the Year award after the committed and dedicated work over the past few years in providing opportunities for young people to establish a career. They have had incredible success with the young people placed with them and are worthy winners of this award out of over 220 nominations.

In action

Tribute to a remarkable career at Intertek

Global and local guests celebrated the achievements and retirement of Christina Law, President of Global Softlines and Hardlines, who has served 33 years at Intertek.

Christina is an iconic figure of leadership at Intertek Hong Kong. Most of her 33 years of working life has been based out of Hong Kong. Her 10X Energies and drive have encouraged many young leaders, who continue to flourish and grow at Intertek.

In action

Reducing the skills gap and building employability among the young

Intertek India is helping to create a sustainable workforce of the future through a skill development initiative for the country's underprivileged youth.

With a widening skills gap in the labour force in India and a youth unemployment rate above 50%, Intertek India is focusing on community welfare as part of its wider social responsibility vision to connect and build back ever better. Programmes include health and hygiene, poverty alleviation, and education and skills development. One of our recent initiatives has been the launch of a skills development project in Tirupur, Tamil Nadu.

Even though the city is a well-known textile and garment hub with TIC labs, there is a mismatch between availability of skilled manpower and requirements of the industry. To help bridge this gap, and improve textile testing and quality assurance, Intertek helped found a Textile Technology Training ('T3') Centre in Tirupur in partnership with Reviving Green Revolution Cell, a Tata Trusts initiative in vocational training.

With Intertek's support, the T3 Centre offers free training to more than 600 youngsters in three certified courses for future lab technicians, chemists, merchandisers, and customer executives. The three-year project will help socioeconomically disadvantaged youth – especially, women – secure better job opportunities and gain professional empowerment.

Sustainability performance Continued

Disability inclusion

Adopting a universal design mindset.

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

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

We also recognise the gaps in the global business community's knowledge of employees with disabilities and are supportive of the call for greater visibility of the current state of affairs. We are looking to broaden the adoption and disclosure of relevant KPIs that will help to create a consistent and comparable baseline from which to measure progress on disability inclusion. We have taken the first steps to assess the availability of data internally recognising the complexities of disability data and will progress this further in 2023.

In action

Launch of Intertek's V500 taskforce

We are proud to be a member of the Valuable 500 community. Participating is a meaningful step in our continued journey to deliver our Vision of making the world a better, safer and a more sustainable place.

Since joining the Valuable 500, we have been raising awareness of disability inclusion among colleagues through the training of an internal taskforce who acts as an Employee Resource Group. This cross-functional team is made up of disabled and non-disabled colleagues. Collectively they are working on greater visibility of the current state of disability inclusion within Intertek, identifying training needs and goals.

The Valuable 500

Cultural diversity

(arising from country of origin)

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

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

Metrics and performance

46
different nationalities across our senior leadership

We recognise that comprehensive diversity monitoring is foundational to our diversity and inclusion strategy, which lies at the heart of our culture. We continue to monitor protected characteristics and to promote further transparency, particularly at senior level, have plans to update our diversity monitoring.

In addition to cultural diversity arising from country of origin, we have plans to enhance our reporting on ethnicity.

Read more about the diversity of our Board on page 70

In action

Community engagement through indigenous awareness

Intertek Australia acknowledges the Traditional Owners and their continuing connection to land, sea and community and pays its respects to Elders, past, present, and emerging. During NAIDOC 2022, Intertek Australia hosted training, discussed cultural awareness objectives and shared stories of positive advancement.

NAIDOC Week celebrates the history, culture, and achievements of Aboriginal and Torres Strait Islander peoples. NAIDOC Week is celebrated by all Australians and is a great opportunity to learn more about Aboriginal and Torres Strait Islander communities.

Sustainability performance Continued

Working with our Customers

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

Through our leading-edge innovations and integrated ATIC solutions, we are uniquely placed to help our customers understand, achieve and validate their existing and emerging sustainability goals.

Capturing the right data to optimise operations

Identifying and managing risks that can impact our service quality is key to ensuring customer satisfaction. Our 5x5 metrics tool and processes enable the collection and review of performance metrics across the areas of sales, customers, people, finance and operational excellence that are fundamental to disciplined performance management. The 5x5 metrics provide every Intertek site and team leader with 360° insight into their business to guide their decision-making and ultimately lead to superior business performance.

Customer focus

To become the most trusted partner for Quality Assurance, we have made a promise to our customers: Intertek TQA expertise, delivered consistently with precision, pace and passion, enabling our customers to power ahead safely.

Intertek has a strong focus on customers, at all levels of the organisation, and our customer relationship management is integrated into our approach through a key account management structure and dedicated sales teams. Our Marketing & Sales Operations team works closely with business lines and country leadership to drive continued improvements across marketing, sales and digital tools to ensure that every aspect of customer engagement aligns with our TQA Customer Promise.

Customer Promise

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

Listening to our customers

Since 2015, we have used the Net Promoter Score ('NPS') process to listen to our customers. These insights give us a deep understanding of what our customers need and want, fuelling our innovations. Our customer interviews keep us laser-focused on delivering an 'ever better' service. During 2022, we conducted an average of 5,400 interviews each month.

Accelerating positive sustainability impact

We recognise the importance of sharing our own sustainability journey with our customer, partners and local communities.

We actively engage with requests to support individual sustainability and carbon performance assessments, including EcoVadis and the CDP Climate Change questionnaire.

This gives us the opportunity not just to meet the demands of our investors and customers, but also uncover risks and opportunities and track and benchmark our progress.

We aim to collaborate as a trusted supply chain partner to deliver improvements in the areas most material over the long-term and accelerate sustainability impacts. We are here to help our stakeholders understand sustainability, why it matters, and how to effectively integrate it within business.

Intertek Assuris launched Sustainability Webinar series with over

6,500

registrants over seven sessions

intertek.com/assuris/sustainability-matters-webinar-series/

Channels of customer interactions

- **Customer meetings**
- **Emails and phone calls**
- **Web enquiry responses**
- **Workshops and seminars**
- **Social media communications**

Sustainability performance Continued

Supporting our customers with their sustainability agendas

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

Through our leading-edge innovations and integrated ATIC solutions, we are uniquely placed to help our customers understand, achieve and validate their existing and emerging sustainability goals.

In action

Speciality microbes - a sustainable alternative to fossil fuels

Intertek Assuris is playing an important role in helping to achieve approval for novel microbes that have been developed and tweaked to produce biofuels more efficiently.

Many industries are investing in research and development for sustainable alternatives in their supply chain. As a key part of these efforts, Intertek Assuris is supporting the development of biofuels by helping to achieve approvals for speciality microbes that can produce sustainable alternatives to the historical use of fossil fuels and offer both environmental and financial benefits. These same or similar microbes can also be used as sustainable materials in other areas to produce biochemicals for, or as live microbial ingredients in, cosmetics, household cleaning products, food, polymers, and agricultural products.

In action

Intertek joins flexible packaging initiative to support the circular economy in Europe

As a member of CEFLEX, we are working with 180 stakeholder organisations to help build the circular economy for flexible packaging and promote recycling technologies in Europe.

CEFLEX is a collaboration of over 180 European companies, associations, and organisations bringing together the entire value chain of flexible packaging to tackle the complex technical and business barriers to a circular economy. The consortium's goals include establishing guidelines on packaging design, driving collection and sorting of flexible packaging materials, and identifying sustainable end markets for their downstream use.

As a CEFLEX member, Intertek is supporting the creation of a circular economy for flexible packaging through its polymer testing and regulatory experts' scientific insight and industry knowledge. Intertek's polymer and plastics laboratories also help the global chemical and polymer sectors to navigate the challenges of product development, regulatory authorisation, and production through analytical testing, laboratory services, auditing, training, and assurance services.

We are delighted to join the CEFLEX community and help build the circular economy for plastics and flexible packaging in Europe. CEFLEX's goals resonate strongly with our own, and align with our new CircularAssure programme, which supports businesses to develop recycling technologies or maximise recycled content and ensure their products are safe, perform well, and meet regulatory standards."

Ross McCluskey,
EVP Europe & Central Asia

Sustainability performance Continued

In action

Client spotlight: tru Shrimp companies combine sustainability and safety

Intertek Alchemy is helping tru Shrimp meet food and safety regulations and expediting audits by enabling the company to know and demonstrate employee training histories.

Through its patented Tidal Basin™ technology, the Minnesota-based start-up tru Shrimp grows mass quantities of shrimp in a controlled environment with near-zero waste. They are leading the way in sustainable farming by utilising every part of its shrimp to create three successful products: quality shrimp that is traceable, sustainable, and antibiotic-free; a healthy protein raw material for pet food; and chitosan, which is derived from shrimp shells for use in pharmaceuticals and medical products.

Tru Shrimp's technology grows shrimp in a controlled habitat that recreates the natural ocean currents, focusing on reducing stress and creating an environment where shrimp can thrive – enabling them to grow shrimp more effectively than conventional pond methods. In addition, the shallow water allows for vertical farming, requiring less space to produce more shrimp.

They do all this with the help of Intertek Alchemy, which provides a complete training, reinforcement, and compliance solution that assures their people have the right knowledge and confidence to do their jobs. The company has embedded training as part of its culture, and Intertek Alchemy is at the heart of that culture, providing leadership training courses, product and safety training through Alchemy Coach, and the recent addition of Alchemy Playbook.

Playbook simplifies equipment and process training so that tru Shrimp can quickly train part-time employees, including several people from a local group that places workers with disabilities. Although they are part-time, these employees undergo tru Shrimp's complete training, including food safety procedures, PPE usage, and safety measures to prevent back injuries.

In action

Taking part in the Great British Beach Clean

Members of Intertek's UK-based Energy & Water team and WSP UK Ltd participated in a beach clean event at Yaverland Beach on the Isle of Wight in September.

The beach clean event complemented Blue Sea Protection's 'Great Nurdle Hunt', a foreshore survey that is conducted to determine the prevalence of micro-plastics (specifically nurdles) on the beach. Along a 100m stretch of the beach, our team surveyed the 17.8kg of rubbish that were found and collected, uploading the resulting information to the Marine Conservation Society's database for their Great British Beach Clean annual event.

Yaverland Beach is one of many bathing water areas at which Intertek has conducted intensive bathing water compliance assessments on behalf of our water utility client Southern Water. Working alongside other partners, Intertek's expertise and experience has helped Southern Water and the UK Environment Agency develop the most appropriate and sustainable solutions to improve water quality and protect public health in the area.

In action

Green Leaf certification strengthens brand value

VERIFIED
Intertek

The Green Leaf mark for consumer goods helps companies communicate their environmental claims with ease and strengthens their brand value to customers.

In India, Intertek scientists work closely with clients in the textiles industry to help them build confidence with customers and demonstrate their environmental credentials. We completed Green Leaf certification for the Manish Dye Chem Corporation following screening for 'syogen dc' and 'syogen dft' chemicals to ensure they complied with Substance of Very High Concern regulations in the country. The certification from a renowned and trusted laboratory has proven beneficial to their brand.

Sustainability performance Continued

In action

Launching new and existing pharmaceuticals in new markets

Intertek Assuris experts are supporting our clients in bringing existing and well-known drugs to new markets in shorter timespans.

The development of new medicines can be a long, multi-year process, typically involving resource-intensive clinical trials. However, it is often possible to bring medicines to market more rapidly if they have been approved for use elsewhere. In this case, an abbreviated development pathway can be followed, making use of available published information while drastically reducing the scale and number of clinical studies needed to support the registration application.

Where a drug has been identified that qualifies for such a process, Intertek Assuris scientists strategise, provide advice on, identify and assess the literature for, and author, complete, formal registration applications. These are submitted for regulatory review in countries permitting this approach, including developing countries, expediting access to much-needed medicines with a well-established history of therapeutic benefit and safe use.

In action

Supporting Xlinks' Morocco-UK power project using marine cable routing

Contributing to the UK's goal of net zero Emissions by 2050 and providing more consistent electricity generation from Morocco's enhanced solar and wind resources.

Intertek has been appointed by UK-based company Xlinks to provide Quality Assurance and technical advice on what will be the world's longest subsea cable between the UK and Morocco. There will be four subsea cables, each approximately 3,800 km long, in twin 1.8 gigawatt cable systems, that will exclusively connect substantial solar and onshore wind energy facilities in Morocco with the UK power grid.

Drawing on Intertek's knowledge and track record of long interconnector projects, we have been working closely with Xlinks to review marine cable routing, draft survey and technical specifications, assist with survey procurement, technically review tenders, and help acquire survey permits.

Andy Page, Intertek Energy & Water's Site Characterisation and Engineering Lead, affirmed: "We are delighted to continue and develop our support to Xlinks on this industry-leading project, assisting with the realisation of this globally important renewable energy scheme. Intertek Energy & Water bring a wealth of technical expertise and experience, and we look forward to building on our track record of assuring quality and safety in the development of long-distance HVDC interconnectors."

In action

Intertek Greater China contributes to the sustainable development of China's largest recycled polyester producer

In recent years, Jiangsu Zhongyuan Industrial Group Co. Ltd. ('Zhongyuan Group') has been focusing on the issue of plastic pollution in the ocean. They have been working to promote the recycling of plastics on all continents to participate the environmental protection cause worldwide.

It is also among the first in China to explore the field of sustainable renewable chemical fibres. Designing and developing 100% renewable chemical fibres, Zhongyuan has become the largest enterprise producing recycled polyester in China since 2020.

As part of these efforts, Intertek Greater China has awarded its Green Leaf Label certification to Recoyarns under Zhongyuan Group. The cradle-to-door Global Warming Potential, Cumulative Energy Demand and Water Consumption of Recoyarns recycled polyester chip and recycled polyester fibres were evaluated by Intertek. This showed that their recycled polyester chips and fibres have superior environmental benefits compared to native fibres.

Recoyarns 再现自然之美

In action

Expanding our biodegradability services in Mumbai

Caleb Brett's Environmental Laboratory in India is promoting sustainability through its industry-leading standards of environmental testing and innovation.

When the Indian Government banned all Single Use Plastics - with the exception of biodegradable and compostable plastics - from the market, Intertek India's Caleb Brett Environmental Laboratory in Mumbai responded swiftly. We expanded our existing biodegradability services to include additional ASTM, ISO, and OECD standards, to help businesses comply with the implications of all waste management regulations. The Laboratory followed this by acquiring BIS accreditation for IS 17899 T:2022 and IS/ISO 17088:2021 testing of biodegradability, as well as the Biodegradable Products Institute stamp of approval.

Within months, we had analysed hundreds of samples for more than 60 new customers. We also signed a Memorandum of Understanding with India's largest plastic manufacturers' association, AIPMA, to create deeper partnership within the plastics and polymer industry.

Sustainability performance Continued

In action

Safe use of recycled plastics for packaging

Intertek supports the full supply chain involved in producing recycled materials for food, cosmetics and medical packaging.

The global need for recycled plastics is growing, being driven by consumer demand to minimise the environmental impact of plastic materials, as well as tighter global regulations and the global cost of oil production.

The US FDA and EU EFSA regulations require specific tests including the Challenge Test to ensure the efficacy of the recycling process.

This is applied on a process-by-process basis, requiring strict documentation preparation and analytical testing. Intertek offers the Challenge Testing Program in collaboration with Intertek Assuris (US, China and France), Petroleum Lab, and Intertek Analytical Laboratories. In addition, Intertek Assuris has developed a process for food, cosmetics and medical corporations to help them select the recycled plastics that best meet their product packaging performance requirements, comply with all government regulations and have been proven safe for their intended use.

In action

Intertek's Government and Trade Services ('GTS') driving sustainable trade

GTS works with governments, standards authorities, and others involved in international trade to improve the quality and safety of goods traded across international markets.

Countries without conformity assessment programmes can face devastating environmental risks due to poor quality or short life span goods. Refrigeration equipment can leak toxic gases, poor quality batteries leak acid, and corroded cans leak oil and chemicals into water supplies.

GTS partners with governmental departments and direct clients to improve the sustainability of these types of products. For example, we formed a partnership with VeraSol, a global Quality Assurance programme for off-grid solar products, to ensure these products are high-performing, safe, and durable for millions of consumers in Africa that have no or limited access to modern energy. Through this partnership, Intertek GTS help promote the growth of clean, affordable, modern energy in Africa.

We have also been playing a pivotal role in supporting Pakistan's renewable energy goals and low-carbon economy through the implementation of Conformity Certification Services. GTS India has been working with e-commerce clients to improve waste management, increase recycling and provide options for customers who trade online to reuse, repair and recycle their products. And GTS Colombia is working with importers and exporters of batteries, covering 85% of the Colombian market and checking that the levels of mercury cadmium adhere to market standards.

GTS carries out control processes related to the re-treading of used tires, which are aligned with ongoing control efforts that are being developed by the Ministry of Production, Foreign Trade, Investment and Fisheries and the governing body in Circular Economy in Ecuador, promoting the recycling of resources and the efficient use.

Ministerial Agreement No. 098, issued by MAATE, establishes re-treading as an obligation in disposal processes, establishing Intertek as a fundamental player by ensuring the compliance with this provision, also contributing to the reduction of imports and environmental pollution caused by tyres that end up in landfills.

Sustainability performance Continued

In action

Intertek SAI Global supports innovative vertical farming business

We are working with a UK-based agricultural technology company, Innovation Agritech Group ('IAG'), that provides cutting-edge solutions to complement the traditional challenges of farming.

IAG's patented vertical farming solution, The GrowFrame™ 360, challenges some of the biggest issues facing modern farming: sustainability and food security. With the collaboration of an expert team, the company has developed and designed indoor aeroponic growing techniques. Their technology allows growers to not only produce an extensive variety of fresh produce, including leafy greens and herbs but also a range of potential medicinal and cosmetic crops. The technology allows fresh produce to be grown closer to their consumer. The Growframe™ 360 can be housed in purpose built farms or placed in repurposed buildings which reduces the carbon footprint and minimises environmental pollution and damage to the environment.

Keen to demonstrate their commitment to food safety and sustainable food production, IAG have successfully achieved certification to the Red Tractor Assured Fresh Produce Scheme (incorporating a benchmark with GlobalGAP IFA Fruit and Vegetables) carried out by Intertek SAI Global, making them one of the first vertical farming companies to meet the Red Tractor Fresh Produce standards.

The certification has helped IAG to work together towards a common goal across all areas of their business and has bolstered their company culture and improved their processes by providing a clear framework as well as an effective training tool for their new starters and clients.

When IAG started looking for a partner to help develop their sustainability strategy, they turned to SAI Global. According to IAG, the service they received from SAI Global was both efficient and reassuring. It has aided them to place more focus on sustainability and environmental protection, which are critical aspects of vertical farming. The environmental management plan they have created using the Red Tractor framework and guidelines has enabled them to protect their own farm environment, as well as find available spaces for alternative, sustainable energy sources.

Intertek SAI Global, in collaboration with IAG, DEFRA and the National Federation of Young Farmers Clubs, has developed a suite of educational videos designed to help young farmers prepare for the future using the beneficial tools of farm assurance.

Watch here: www.nfyfc.org.uk/farmassurance

Environment

All of us have a responsibility to protect the future of our planet.

Our goal is to decarbonise our business by 2050.

At Intertek, we understand our organisation's impacts on the environment and continuously look for opportunities to mitigate them in regard to climate change, use of resources, ecosystems, and waste management.

We recognise the critical role that the private sector plays in tackling the climate crisis, providing innovative solutions, reducing Greenhouse Gas ('GHG') emissions and setting ambitious targets. Thereby helping to drive the transition to a low-carbon economy.

Governance

Intertek's environmental governance flows from the Board to every site. To advocate for accelerated climate action, we monitor site-level activities across a range of metrics and work with our countries on our net zero action plans. This process is supported by our Environmental and Climate Change policy, which outlines the commitments we adhere to. Our operations apply a precautionary approach and comply with all applicable environmental regulations and permits.

Environmental management systems support our operations to meet environmental protection standards, comply with legislation and improve reporting and transparency. We have implemented ISO 14001and/or ISO45001 across 112 of our sites.

What is our impact?

Our global reach spans thousands of employees, clients and suppliers. This scale represents both commercial opportunity as well as a responsibility to our people, the communities in which we operate and the wider environment.

As a multinational company, we recognise that, although our own operations may not be as energy intensive or resource depleting as other industries, good management of the relevant and material topics is critical to protect the environment.

Our activities around the world are diversified across both laboratories and offices. Carbon emissions are our biggest environmental impact, and through continual monitoring and assessment of our operations, we are now able to apply more targeted actions on the reduction of our carbon footprint, with particular focus on energy efficiencies and operational excellence.

The energy we use in our laboratories and offices continues to be the largest contributor to our carbon footprint, making it a priority in our environmental agenda.

To make real change happen, we believe that all our people need to have ownership of their carbon footprint and be empowered and inspired to take ambitious actions to reduce it – putting our Sustainability Excellence approach into action.

We continue to advance our understanding of climate-related risks and opportunities and to evolve our transparent reporting, in line with internationally accepted recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures ('TCFD').

Read our TCFD statement in Book one, pages 49 to 57

Sustainability performance Continued

Our carbon emissions reduction targets

Intertek clients depend on our safety, quality and environmental expertise to ensure their products and services meet global market expectations. Intertek will continually work on improving the environmental performance of our operations to minimise environmental impacts.

Setting targets in-line with climate science
Recognising the importance of bold ambitions, we have set targets to improve environmental performance across our operations. Adding urgency and ambition, our near-term targets are aligned with a Science Based Target initiative ('SBTi') 1.5-degree pathway, which will be delivered by achieving 50% reduction of absolute Greenhouse Gas emissions across our Scope 1, Scope 2 and Scope 3 (Business travel and Employee Commuting) by 2030. In addition, we are committed to engaging with our suppliers and ensuring that 40% (by spend covering Purchased Goods and Services and Capital Goods) have science-based targets to reduce their emissions by 2027 (both from a 2019 baseline).

Our new targets for decarbonisation represent a determined response, and a more ambitious vision that will meet expectations of societies and our customers as well as inspire our employees. Our targets are supported by strong action plans. These were developed during both a top-down and bottom-up exercise, building on our emissions dashboards to clearly identify our baseline emissions. Rigorous performance management enables our countries to continue delivering against their concrete and measurable action plans to reach our reduction targets.

Progress key

- On track
- In development
- Achieved

2017
First Group-wide GHG emission reduction target set

2019
New Baseline for GHG emission reduction targets

2021
Business ambition for 1.5 °C campaign joined

2022
New near-term targets set and submitted to SBTi for validation

Incorporate ESG element into annual incentive framework

2027
Target: 40% of suppliers by spend (covering Purchased Goods and Services and Capital Goods) to set science-based targets

2030
Target: Reduce absolute Scope 1, 2 and 3 (Business travel and Employee Commuting) Emissions 50% vs 2019 baseline

2050
Target: Reduce absolute Scope 1, 2 and 3 (Business Travel and Employee Commuting) 90% vs 2019 baseline

Prioritise direct emission reductions and consider neutralising remaining emissions to reach net zero

Action plans:

Scope: 1
Emissions from activities for operations which Intertek owns or controls:

Fleet efficiencies

Fleet replacements (electronic/hybrid)

Optimisation of buildings (heating/cooling)

Scope: 2
Emissions from purchase electricity, heat and steam:

Procurement from renewable sources

Low-carbon energy generation

Energy efficient buildings

Energy efficient equipment

Scope: 3
Value chain emissions:

Optimise business travel

Engage employees on alternative ways of commuting

Supplier sustainability engagement

Across all scopes: Awareness and training for employees, customers and suppliers on climate change

Sustainability performance Continued

Our progress and performance

At Intertek, we take an 'ever better' approach to ensure that our data is wholly accurate and consistent year-on-year. Data collection continues to improve, with over 130 users adding site-level data every month to our Global Sustainability Environmental software platform.

Our annual environmental reporting cycle ran from 1 October 2021 to 30 September 2022. Intertek's reporting complies with the methodologies outlined by the GHG Protocol 'Corporate Accounting and Reporting Standard', ISO 140064-1 and the UK Government's 'Environmental Reporting Guidelines: including mandatory Greenhouse Gas emissions reporting guidance'. Further details on our methodology for reporting and the criteria used can be found within our Basis of Reporting document.

Our Basis of Reporting document is available on our website at intertek.com/about/our-responsibility

We drive actions country by country and site by site, with monthly performance reviews by management. Our site-level assessments for self-generation of electricity in several countries led to the successful installation of nine PV projects across South Asia. As part of our action plans further projects are being evaluated for future implementation.

In 2022, in addition to self-generating a portion of our electricity to meet our energy needs, we reduced our Scope 2 carbon emissions by purchasing electricity from verified renewable sources in various sites across all our regions. We have also carried out further energy audits and continue to assess replacement equipment for energy efficiencies, as appropriate.

In the UK, we moved to a new arrangement to purchase renewable electricity, backed by Renewable Energy Guarantees of Origin certificates which are traceable to the source.

Fleet electrification and a transition to low-emission vehicles has been another focus area to reduce our emissions. We started arrangements with fleet management partners to phase out existing company vehicles in the UK and North America and replace with lower-emissions options when the existing contracts come to an end. We continue to monitor the developments in infrastructure across other regions.

We are committed to improving employee commuting to and from work by encouraging the use of eco-friendly transport systems (such as car-pooling, cycling, walking, using public transport) and by subsidising mobility solutions. For example, in our Greater China region, we provided shuttle services for employees commuting between their workplaces and nearby strategic points.

During 2022, we improved the accuracy and measurement of the associated GHG emissions from employees' business travel by air. We recognise that emissions from air travel are a significant environmental impact of business travel.
We have reviewed existing travel policies to ensure they remain appropriate for our business need and take the environmental impacts into consideration.

Empowering employees to take action

We see our 43,500 colleagues in 100 countries working with 400,000 clients, talking to millions of other colleagues and friends and family, inspiring the world to take sustainability seriously.

Empowering our employees to take action is an integral part of meeting the challenges we face.

We emphasise learning and doing, so all of our net zero champions as well as our Finance leadership, have participated in workshops to understand our activities and their impact on the climate, their role in taking action and the science behind our targets.

We are developing more programmes, leveraging our new LUCIE platform, to reach all of our colleagues.

64.8

tCO_2e operational emissions per £m in revenue[1]

1. Revenue for FY 2022 as shown in Book one, page 7.

In action

Intertek Thailand drive to efficient waste management

Since November 2021, Intertek Thailand has encouraged colleagues to donate their PET bottles for recycling into PPE suits for medical teams to help prevent infection.

The project has been well received and to date, colleagues have helped to collect more than 50kg of PET bottles, which will be turned into more than 185 PPE suits. On their continued journey they have now partnered with Recycle Day Thailand, a professional waste management organisation which promotes waste separation and helps to reduce the amount of difficult-to-dispose-of solid waste from the source. This project also encourages our staff and their families to take part in waste management to improve the environment. At the end of Q2 more then 295kg of recycled waste was collected which reduced 611kg of CO_2.

Sustainability performance Continued

Emissions (Scopes 1, 2, 3)[1]

Scope	Emissions	tonne CO_2e[2]	2022	2021	2019[3]
Scope 1 Direct GHG emissions	Emissions from activities for operations which Intertek owns or controls including the combustion of fuel and operation of facilities	Global	**58,821**	59,952	64,709
		of which UK	**2,302**	2,176	
Scope 2 Indirect GHG emissions	Emissions from the purchase of electricity, heat and steam purchased for our use (location-based)	Global	**113,823**	122,036	128,693
		of which UK	**2,325**	2,670	
	Emissions from the purchase of electricity, heat and steam purchased for our use (market-based)	Global	**102,066**	122,147	133,860
		of which UK	**531**	488	
Scope 3	Employee Business Travel (Air travel only)[4]	Global	**12,555**	5,771	25,849
		of which UK	**813**	49	
	Employee Commuting	Global	**33,590**	36,777	67,101
		of which UK	**1,351**	1,112	
	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Global	**7,069**	7,068	7,669
		of which UK	**213**	236	
	Absolute tCO_2e (market-based)	Global	**214,101**	231,715	299,188

1. Our annual environmental reporting cycle ran from 1 October 2021 to 30 September 2022. Excludes emissions relating to Clean Energy Associates LLC.
2. CO_2e – Carbon dioxide equivalent.
3. 2019 base year emissions as submitted to the SBTi
4. Please refer to our Basis of Reporting document for full details of scope.

Global energy use

Global energy use by source (MWh)	2022	2021
Standard electricity	**218,304**	247,741
Renewable electricity[1]	**38,753**	11,410
Vehicle fuels energy	**26,409**	30,710
Non-transport fuels energy (natural gas)	**63,571**	63,654
Total energy use[2]	**347,037**	353,515
Percentage of total energy use from renewable sources	**11.2%**	3.2%

1. Renewable electricity at site level is consumed from green tarifs and self-generation (solar panels).
2. UK portion of total energy use was 7% (2021: 6.4%).

Sustainability performance Continued

Independent assurance statement to the Directors of Intertek Group plc

Scope
We have been engaged by Intertek Group plc ("Intertek") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as "the engagement", to report on selected greenhouse gas performance data (the "Subject Matter") on pages 26 and 27 in Book two of Intertek's Annual Report & Accounts 2022 (collectively referred to as the "Report"):

The Subject Matter comprises the following data sets in the Report regarding the sustainability performance of Intertek Group plc:
- Greenhouse gas emissions – Scope 1;
- Greenhouse gas emissions – Scope 2;
- Greenhouse gas emissions – Scope 3
  - Fuel and energy related activities
  - Employee commuting
  - Business travel
- Greenhouse gas emissions – intensity ratio.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Intertek
In preparing the Subject Matter, Intertek applied the methodology as described in the document Basis of Reporting – GHG Emissions (the "Criteria").

Intertek's responsibilities
Intertek's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with Intertek Group plc on 14 October 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgments, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality control
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control[1], Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

The procedures we performed were based on our professional judgement and included the steps outlined below:
1. Assessed whether all material data sources have been included and that boundary definitions, (referenced in pages 26 and 27 of the Report and outlined in the Basis of Reporting), have been appropriately interpreted and applied.
2. Assessed whether the Intertek scope and definitions, (referenced in pages 26 and 27 of the Report and outlined in the Basis of Reporting), for the Subject Matter have been consistently applied to the data.
3. Assessed whether site and business-level data have been accurately collated by Intertek management at a Global level, and whether there is supporting information for the data reported by sites and businesses in the Group to Intertek management at a Global level.
4. Challenged the validation and collation processes undertaken by Intertek management in relation to the Subject Matter.
5. Reperformed calculations to check the accuracy of the Subject Matter reported and the data collation processes.
6. Tested underlying documentation for a sample, based on professional judgement, of site-level data points to determine the accuracy and completeness of data points.
7. Examined the Report for the appropriate presentation of the Subject Matter, including the discussion of limitations and assumptions relating to the data presented.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the period 1st October 2021 to 30th September 2022, in order for it to be in accordance with (or based on) the Criteria.

Use of our Assurance Statement
We disclaim any assumption of responsibility for any reliance on this assurance report or its conclusions to any persons other than Intertek, or for any purpose other than that for which it was prepared. Accordingly, we accept no liability whatsoever, whether in contract, tort or otherwise, to any third party for any consequences of the use or misuse of this assurance report or its conclusions.

Ernst & Young LLP
London
27 February 2023

1. International Federation of the Accountants' International Standard for Assurance Engagements (ISAE3000) Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Sustainability performance Continued

Waste management

Intertek produces relatively small amounts of hazardous and non-hazardous waste compared to other industries. This includes chemicals, test samples, paper, plastic and organic waste from our offices and laboratories. The waste is produced in varying proportions, determined by the industry or industries served by each site. We operate a number of waste management programmes across our regions.

These programmes are focused on connecting our sites to local opportunities for minimising how much waste we send to landfill and to increase recycling. We continue to work on improving our reporting of this metric.

Waste[1]	2022
Waste recycled/reused (in metric tonnes)	**446**
Waste disposed (in metric tonnes)	**4,516**

1. Data covers 135 sites across the USA and Canada.

Zero Waste to Landfill pilot

Recognising that reducing waste plays an important role in the journey to net zero, we launched a pilot project to adopt a zero waste to landfill programme.

Intertek UK aims for zero waste to landfill from its operations by minimising the volume of waste and material ending up in landfill and increasing reusing, recovery and recycling rates. Using guidance from our Zero Waste to Landfill certification programme, this will bring benefits to our environment as well as make our operations more efficient and resilient to any future changes, including staying ahead of more restrictive waste regulation changes.

The programme was rolled out to pilot sites in Q3 2022, aimed at getting a better understanding of waste volume, streams and its final destination.

Verification is an important part of the process, where pilot sites had to engage with waste providers and get a confirmation from them on the percentage of waste that is recycled, incinerated with or without energy recovery, reused or indeed goes to landfill. Lessons learnt are being shared during quarterly HSE calls. The programme has been rolled out to all Intertek UK sites in January 2023 and we will review the effectiveness of implementation as part of internal audit programmes.

VERIFIED ZERO WASTE TO LANDFILL

In action

Partnering with Green Machine to recycle more plastics

As a part of our efforts to Build Back Ever Better, Intertek Minerals has launched a new waste management initiative at their Global Centre of Excellence in Perth, Western Australia.

The new recycling programme involves separating the majority of the polystyrene, polypropylene, and high density polyethylene plastics used at the laboratory from their general waste. We are partnering with Green Machines Lab, a Perth based company that recycles plastics to be reused within Australia, and will ensure the plastic doesn't end up in landfill. When the programme is fully operational in all areas of the laboratory, Intertek Minerals Perth anticipates that they will recycle more than 1.5 tonnes of plastic per month, and they intend to roll this initiative out to other Intertek laboratories across Australia.

Our Minerals Global Centre of Excellence was built with sustainability in mind, and this latest waste management initiative complements other sustainability initiatives at the facility – including a 990kw solar system, one of the largest rooftop solar installations in Western Australia, that currently provides on average a third of the daytime power required by the laboratory. The facility also captures and recycles laboratory wastewater to conserve this precious resource.

Communities

Creating positive impacts in the communities where we operate.

Our global business spans more than 100 countries and, as such, we understand the huge opportunity and responsibility we have to make a positive and lasting impact on our local communities where we work.

Taking active responsibility to support the societies where we operate is grounded in our Values to create sustainable growth. For all.

As a business we contribute to our communities in many ways. We provide employment opportunities, volunteer, fund education programmes and support charities to benefit local communities and neighbourhoods.

Each of our countries and business lines define their own agenda to create positive and lasting impact. These are tied to the Group's priorities and aligned to the UN Sustainable Development Goals, and focus on their local operations and communities. Our Beyond Net Zero Steering Committee oversees community investments at a global level.

In this section we provide a small selection of highlights from the many community activities that our colleagues are taking part in around the world.

Over 100

Community projects our employees participated in focusing on education, giving back to local communities and preserving our environment

13,710

hours volunteered to support community projects

In action

Celebrating the Year of the Tiger in Hong Kong

To ring in the Chinese New Year in February 2022, Intertek Hong Kong celebrated with our customers by distributing charity hampers through seven local charities.

Welcoming the arrival of a Lunar New Year full of happiness and prosperity, Intertek joined hands with local charities to support a good cause – presenting beautiful hampers, packed with goodies like a traditional cloth tiger, a house plant, a coaster, fair-trade snacks, floral tea and a bottle of essential oil. We are pleased to work with these charities, each of which strive to promote mental health, employment opportunities for senior citizens and young talents with special needs, and support under-privileged families:

- Blossom Minds offers employment opportunities for young adults with special needs;
- Career provides job-matching services to people with disabilities and special educational needs;
- Crafty Charity Shop is a group of volunteers who raise funds for other partner charities;
- Feeding Hong Kong is a food bank that aims to reduce food waste by rescuing surplus food and redistributing it to people in need;
- Gingko House advocates senior employment;
- Hong Kong Seeing Eye Dog Services promotes professional guide dog services; and
- Ibakery trains and hires people with disabilities, to produce quality bakery products.

In action

Intertek and GAIN help combat malnutrition

Intertek Food Services team partnered with the Global Alliance for Improved Nutrition, who tackle malnutrition in developing countries by transforming food systems, working with governments, international agencies, NGOs and the private sector. Intertek Food Services provides audit, inspection, and testing services to assure the quality of affordable, vitamin-rich premix blends which are used globally to help fight malnutrition.

In action

The buzz around sustainable honey

In 2022, Intertek Food Services offered a limited release of The Hive, a social community for the honey industry to share ideas, trends, and best practices. A driving purpose of The Hive is to guide a sustainable approach to the growth of the honey industry by mitigating fraud, promoting responsible apiary practices, and keeping consumers safe when they purchase honey products and pharmaceuticals.

Sustainability performance Continued

In action

Supporting Rotary's PolioPlus project

Intertek Bremen is helping to defeat polio by recycling plastic more effectively.

Since 1985, Rotary has invested hundreds of millions of dollars in their effort to rid the world of the polio virus. However, their PolioPlus project is not just about eradicating polio, it is about the many added benefits their work brings, such as providing access to clean water, additional medical treatment, and improved hygiene.

When colleagues at Intertek Bremen started collecting plastic lids made of polypropylene and polyethylene, they ensured they were sent for proper recycling, and received money back for doing it. All proceeds were donated to PolioPlus, doing their bit to defeat polio.

In action

Intertek volunteers take part in flood relief work

In July 2022, volunteers from Intertek Bangladesh contributed to relief activities in Sunamganj district, one of the areas in Bangladesh worst affected by devastating flash floods.

This year, more than seven million people have been severely affected by flash floods across nine north-eastern districts of Bangladesh: Sylhet, Sunamganj, Moulvibazar, Habiganj, Kishorganj, Netrakona, Brahmanbaria, Mymensing and Sherpur. The greatest damage to life, in terms of deaths, injuries and diseases, was in the Sylhet and Sunamganj districts.

Colleagues from Intertek Bangladesh helped flood victims by donating towards their basic needs and essentials. Volunteers from the company also travelled almost 270km from Dhaka city to the flood-affected areas to participate in the relief efforts. They helped around 350 families from five villages – Mainpur, Haluaghat, Rahmaatpur, Jagannathpur and Vatgoan – making an important contribution to the relief efforts in Surma Union.

In action

Supporting the Uvalde community as it tries to recover from tragedy

The City of Uvalde in South Texas became the subject of international headlines in May 2022, following a school shooting that claimed the lives of 19 children and two beloved educators.

Colleagues at Intertek San Antonio have been doing everything they can to support the Uvalde community following the tragic events that unfolded at the Robb Elementary School this year. Our campuses were all awash with the colour maroon on 10 June, reflecting the school's colours. This was part of 'Maroon Day', sponsored by Intertek Automotive Research, which also served as the Kick-Off for our Food Drive, as we collected for the San Antonio Food Bank to help families in the Uvalde area in these tough times.

Intertek colleagues like Amanda Villasenor volunteered to help pass out food, drinks, and other items to the community in what has been an extremely emotional period for her and so many others. The San Antonio Food Bank offered vital items such as milk, water, baby wipes, bread, and frozen meats to those in need. Soft toys were offered as therapy tools for grieving families. With the blood supply in the South Texas healthcare system already at a critical low before the tragedy, we have also encouraged our employees to donate blood, platelets or plasma.

Amid the unbearable grief, there is an incredible desire for healing in the community, and for its people to stay strong. As part of 'Maroon Day' itself, Intertek employees made a 'Uvalde Strong' garden sign and this was delivered to the Robb Elementary School. Being there and meeting people affected by the tragedy was a sad and moving experience, but helping more than 200 families on the day made it a very fulfilling event for all our volunteers.

In action

Caring for the elderly through our 'WE CARE' initiative in Malaysia

Over the past year, colleagues from various business lines and departments have came together as one to visit the Rumah Victory Elderly Home, an old people's home located in Puchong, Selangor.

During their visits, part of Intertek Malaysia's 'WE CARE' initiative, our team helped to clean different areas of the home, including the bedrooms, common areas, bathrooms and kitchen, helping the elderly residents to live a healthier, cleaner life. Intertek Malaysia is committed to supporting the elderly community and will continue to help through various CSR projects to show that WE CARE.

Sustainability performance Continued

In action
Intertek People Assurance working for social good

Colleagues across Intertek Wisetail, Intertek Catalyst and Intertek Alchemy have all been engaged in work this year to improve the environment and improve people's lives.

Many of our Intertek Wisetail employees have spent some of their time volunteering to support local conservation projects, or simply picking up trash in their local parks. At Intertek Catalyst, we held our 8th annual Creative Day for Social Good, where almost 100 volunteers and design students gathered to provide 11 charities from across the country with professional marketing materials at no cost to them. During the year, the Intertek Catalyst Leadership Team were all certified in Mental Health First Aid through the Mental Health Commission of Canada to help them better support our people.

And our Intertek Alchemy team in Austin, Texas, demonstrated that green business is good business. They took part in the Austin Green Business Leaders Program, which helps businesses get recognised for their contribution to the community, addressing the climate crisis and protecting the environment. Businesses that excel in the programme are formally recognised as Silver, Gold, or Platinum Green Business Leaders, giving them a competitive edge with customers. We were delighted that Intertek Alchemy achieved a Gold rating in this year's programme.

In action
Turning electronic waste into social good

Intertek France's IT department has set up a partnership with the French charitable association Les Restos du Coeur to help us dismantle and reprocess our IT waste.

Les Restos du Coeur is dedicated to fighting against poverty and all forms of exclusion in France. The association looks to help and assist the most impoverished in society, but in broader terms, they are there to help everyone in need. We are working with them to help turn our electronic waste into social good. That's why in 2022 we sent our old mobile phones to the Yvelines Integration Centre managed by Les Restos du Coeur. The old phones will be reprocessed and recycled where possible, making a contribution to the work done by Les Restos du Coeur. We are now looking to extend this approach to electronic waste reprocessing across all our French offices and to other equipment.

In action
UK colleagues participate in Ever Better Day

This year, our colleague volunteering days in the UK (known as Ever Better Days) have supported various Science, Technology, Engineering and Mathematics ('STEM') initiatives, community regeneration and community groups.

Across our 50+ sites in the UK, our colleagues have always been passionate about supporting their local communities and making them a better place. That's why we introduced the Ever Better Day in 2020, giving each of our UK colleagues the opportunity to spend a day volunteering and giving back to a cause or community that's important to them.

Jonathan Berry, Marketing Business Partner, Transportation Technologies, used his Ever Better Day to be the live sound engineer for Sutton's Trinity Scout and Guide Group's 'Trinity Gang Show' performance. The show raises money for the local Guiding and Scouting groups, funding minibuses which take the children to camps and residential weekends throughout the year. Over three performances, the show generated £3,700 from ticket sales, refreshments and video sales.

Alana Milne, Key Account Manager in our E&P team, spent her Ever Better Day supporting TechFest, a Scottish charity that runs STEM events and activities for young people and the wider community. Alana was proud to volunteer to help with TechFest's annual festival of Science, Technology, Engineering and Mathematics. The week-long event included a diverse range of interactive activities and events with presentations, workshops and speakers covering topics from 'how to make ice-cream' to 'who polluted the river.'

Joyce Moore, PPE Technical Manager in our Softlines team, recently completed her Ever Better Day volunteering with her local Girl Guides. Along with two other adults, Joyce took a group of 15 girls aged between ten and 13 on a water camp at Leicester Outdoors Pursuit Centre. There were around 220 girls there, taking part in a range of activities including raft building, canoeing, bell boating, kayaking, bushcraft, climbing, high ropes, archery and crafts.

Responsible Business Practices

To deliver long-term sustainable success we strive for the highest standard of corporate governance, conduct and integrity.

Our entrepreneurial culture and Values to make the world better, safer and more sustainable are at the core of everything we do.

Our responsible business practices – protecting human rights, 'Doing Business the Right Way', ensuring data privacy and good information governance and operating sustainable procurement practices – underpin our focus areas and the commitments we have made.

Human rights

Within our business, respecting human rights is core to our responsible business practices and is implemented through our Labour and Human Rights policy, Code of Ethics and Sustainable Procurement policy. Intertek's policies and codes are based on and fully respect the International Bill of Human Rights and the International Labour Organization's declaration on Fundamental Principles and Rights at Work and the Children's Rights and Business Principles.

We are committed to ensuring that our employees are subject to fair working practices and are treated with respect. We continually review our approach to human rights to reflect legal developments, emerging issues and to meet societal expectations.

We uphold and respect human rights in many ways, including:

- **Working conditions:** We comply with all applicable labour and human rights laws and industry standards on working hours, paid annual vacation, rest periods and statutory minimum wages.
- **Indigenous rights:** We respect the rights of indigenous people. Our goal is to support our leaders, our people and our communities to develop respectful relationships and create meaningful opportunities with indigenous people.
- **Forced labour:** We do not tolerate any form of forced labour, child labour, slavery, human trafficking, physical punishment or other abuse. Our Modern Slavery Act Statement, outlining the steps we are taking internally, in our supply chain and through partnerships and advocacy to avert modern slavery and human trafficking is available on our website.
- **Child labour:** We do not employ people below the age of 15 or below the local minimum employment/ mandatory school age – whichever is higher and relevant to the particular country. Where we provide apprenticeships for young people, we put special protections in place and ensure they are not exposed to hazardous work.
- **Collective bargaining:** We respect the rights of our employees to form and join trade unions and take part in collective bargaining where this is accepted by local law. We also take care that employee representatives do not suffer discrimination and that they have open access to members in the workplace. We strictly adhere to tariff structures and arrangements negotiated with trade unions, while we also inform and consult employees on relevant business activities, for example, we respect statutory minimum notice periods and give reasonable notice of any significant operational changes in-line with local practices and labour markets. Our affiliates' communication and consultation processes are tailored to local needs.

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

Read more on our whistleblowing procedure on pages 34 and 76

In action

Intertek Australia's Reconciliation Action Plan

At its heart, reconciliation is about strengthening relationships between Aboriginal and Torres Strait Islander peoples and non-Indigenous peoples, for the benefit of all Australians.

As a leader in our field of industry, in Australia, Intertek acknowledges and accepts the role we should and must play in working towards Reconciliation in Australia. We also have a role to play in protecting and promoting the human rights of Aboriginal and Torres Strait Islander people and ensuring they are treated fairly and equitably before the law. We as an organisation are committed to ensuring, our Reconciliation Action Plan ('RAP') is a meaningful and living document that guides and informs our organisational governance, processes, and work. It provides us with a strategic, clear and measurable framework for translating our commitment into action.

Since the adoption of our RAP, we are proud of the contribution to reconciliation both internally and in the communities in which we operate that we have made so far. This includes employment outcomes for indigenous Australians, youth engagement in STEM programmes and Intertek facility tours, face-to-face and online cultural learning, increased expenditure to indigenous owned organisations, formal and informal partnerships and endorsing other RAP organisations.

Responsible Business Practices 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

We interact 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 2022, 91 reports of non-compliance with the Code were made to our hotline. Of those reports, 24 were substantiated or partially 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.

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

Responsible Business Practices Continued

Sustainable procurement

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.

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. Selecting regional and local suppliers, where appropriate, 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 sub-contractors 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.

To strengthen our supplier sustainability programme, during 2022, new paths were laid out to broaden our approach to one that manages sustainability in a more integrated fashion with a supplier life cycle perspective and incorporating sustainability criteria at procurement category level. We aim to integrate sustainability criteria into more phases of the supplier engagement life cycle including positive supplier screening and preferring suppliers with above average sustainability credentials.

As a step in this direction, we launched a pilot programme in 2022 conducting sustainability specific due diligence through a self-assessment and documentation review.

Going forward we will be looking at the environmental attributes of different procurement categories and investigating if we can already take steps to choose our suppliers based on their environmental and climate performance.

Our Sustainable Procurement policy is available at intertek.com/about/our-responsibility

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.

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.

directors' report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2022 in Book two and Book three.

"This report has been prepared in order to provide all stakeholders with a comprehensive understanding of how our governance framework supports our Science-based Customer Excellence approach."

Andrew Martin
Chairman

Board promise

1. We recognise our responsibility to all stakeholders and will strive to ask the questions that matter and make the right decisions.
2. We will be forward looking and use our diverse perspectives and insights to promote Intertek's Purpose of bringing Quality, Safety and Sustainability to life.
3. We will inspire our people to take client relationships and our performance to greater heights and to create sustainable growth for all.

Governance structure

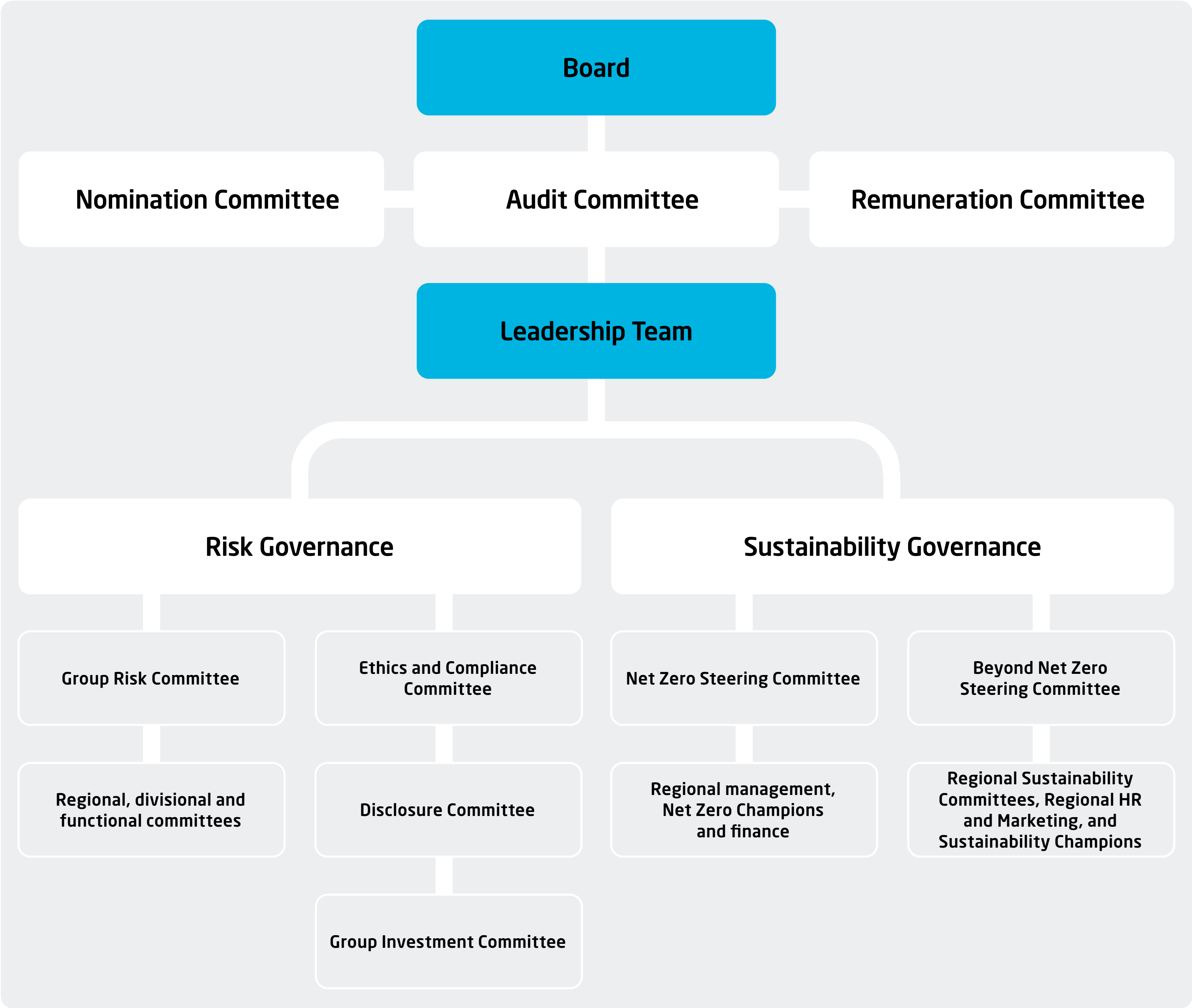
We are deeply committed to our sustainability agenda. Underpinning the delivery of our sustainability strategy is a strong governance structure, to deliver sustainable value for all our stakeholders, in particular our customers, employees, shareholders, regulators and communities.

Our Board of Directors is responsible for the overall stewardship of the Group and delivery against strategy, through our Leadership Team. This includes setting our Purpose, Values and standards.

Sustainability governance is delivered by two workstreams: the Net Zero Steering Committee and the Beyond Net Zero Steering Committee. The Net Zero Steering Committee is chaired by the CEO and comprises the Head of Sustainability, Chief Financial Officer, Head of Finance-Sustainability and the Group General Counsel. It focuses on the development, implementation and performance of our net zero roadmap and our science-based emission reduction targets to get us to net zero by 2050.

The Beyond Net Zero Steering Committee, which is also chaired by the CEO, comprises the Head of Sustainability, SVP Corporate Development Group, EVP Marketing and Communications, Director Group Corporate Communications and the Group General Counsel. This Committee focuses on the overall delivery against our sustainability strategy.

Both Committees meet on a bi-monthly basis. To support the efforts of the Steering Committees, formal and informal committees led by regional management across the Group help to disseminate and drive our sustainability strategy across the regions for our people, the communities in which we operate, the environment and our customers.



Chairman's introduction

"On behalf of the Board, I would like to express our appreciation to the entire workforce. The strength of the business reflects their incredible hard work and commitment."

Andrew Martin
Chairman

Dear shareholder
We began 2022 looking forward to a period of recovery as we emerged from the worst of the pandemic. However, it turned out to be a year of considerable instability with continuing reverberations from Covid-19, particularly in China, economic headwinds, conflict in Ukraine and unprecedented levels of inflation.

Against this challenging backdrop, my Board colleagues and I are very proud of what our people have achieved. With a culture focused on our Purpose of 'Bringing quality, safety and sustainability to life' and led by a management team dedicated to growth and strategic execution in a market with attractive fundamentals, our proven business model delivered 2022 revenues of £3.2bn, up 14.6% at actual rates on 2021 and higher than pre-Covid levels recorded in 2019.

During and since the pandemic, we have been very cognisant of the importance of supporting our great people and, in turn, continuing to provide best-in-class services to our clients. Although we saw some pressure on margins because of the rapid increase in inflation and the Covid-induced shutdown of our Chinese business, we are delighted at how the business has performed.

Our cash performance remained strong enabling us to invest in growth initiatives and respond to client demands. We continued to devote funds to innovation and I would like to highlight three that once again demonstrate our focus on sustainability and how we are developing services aligned with our Purpose and mission. First, CircularAssure, a programme of assurance, testing and certification services helping plastics companies move towards a circular economy; second, the Think Green Initiative audit programme that is part of our commitment to assisting companies to tackle climate change; and third, Intertek Hydrogen, which provides end-to-end quality, safety and sustainability assurance across the entire hydrogen value chain.

SAI Global Assurance, the leading provider of assurance services acquired in 2021, is now fully integrated and made a significant contribution to performance. In 2022, we were pleased to welcome Clean Energy Associates, which brings important new capabilities and additional capacity providing assurance services in the solar energy and energy storage markets to support our customer offering in the World of Energy.

We have retained our financial discipline: our balance sheet remains strong with net debt of £738m while our return on capital for 2022 was 18%.

In line with our dividend policy, the Board is proposing a final dividend of 71.6p, making an unchanged full-year dividend of 105.8p and a dividend payout ratio of 50%.

Chairman's introduction Continued

People

I have already referred to our culture which I see as crucial to accelerating the delivery of our strategy and providing competitive advantage. Despite facing continuing challenges from Covid-19, I am constantly impressed by our people's energy, enthusiasm and commitment to our Values.

As a customer focused business, our people are key. I am convinced that we have the best people in the industry, delivering our mission through exemplary service to our customers and producing the best results for our shareholders. I have been particularly impressed by our ability to leverage the scale and capabilities of the Group whilst ensuring local agility to remain able to meet the demands and requirements of our customers. Local knowledge and proximity to our customers is key, and the leadership of most of our businesses around the world, is largely comprised of people from the respective regions or countries. Business line leadership is strongly influenced by expert knowledge of the relevant business line.

On behalf of the Board, I would like to express our appreciation to the entire workforce. The strength of the business reflects their incredible hard work and commitment. Their efforts have and will continue to underpin our performance as we manage the current market conditions and grasp the significant growth opportunities we see.

Governance and the Board

One of my key responsibilities as Chairman is to ensure good corporate governance, which I firmly believe underpins the sustainability of our business and delivery of our strategy. In this regard, I would like to thank my fellow Board members for their unstinting support.

The pandemic saw the Board learn to operate differently and although we recognise the benefits from the use of technology to enable virtual meetings, we all agree that it is no substitute for face-to-face engagement. Alongside our scheduled Board meetings, for the first time since 2019 we held a physical Board meeting overseas in Delhi where we met senior management from South Asia, the Middle East and sub-Saharan Africa and visited important customers. The Board felt the enthusiasm of our colleagues in India for the tremendous opportunities for the future. I also visited operations in the UK, Italy, Canada and the USA and had a virtual meeting with the team in Dubai.

The Board received regular feedback on meetings with investors throughout the year and last Spring I met with a number of leading institutional shareholders.

Diversity in all forms leads to more productive and balanced discussion. I am pleased that today, the Board complies with the provisions of both the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity. Half of the Board's Non-Executive Directors are women and two identify as non-white. And we are making encouraging progress on equity, diversity and inclusion through the organisation.

I am delighted Jez Maiden joined the Board on 26 May 2022. Jez brings significant experience as an international public company CFO across different industries and has also joined the Audit Committee. We welcomed Kawal Preet, with her 25 years of experience as a leader and senior executive in Asia Pacific, the Middle East and Africa, to the Board on 31 December 2022. Both Jez and Kawal are strong additions to the Board and bring important new skills and knowledge.

As Chairman, I am responsible for ensuring the effectiveness of the Board, its Committees and individual Directors. The evaluation and performance review of the Board was internal this year. The evaluation concluded that the Board and its Committees are performing effectively, with clear and appropriate terms of reference, policies and processes; have the necessary information and resources provided and time allocated for discussions to function effectively; and have an appropriate balance of skills, experience and knowledge to encourage challenge and debate.

Outlook

As we look to the future, I am confident that Intertek is in a strong position given the increased demand for our ATIC solutions. We have aligned our clear Purpose and strong culture to leverage the capabilities and expertise of our great people in order to take advantage of the significant structural growth opportunities we see globally in the assurance, testing, inspection and certification industry. This will enable us to continue to deliver sustainable growth and value for all stakeholders.

> As we look to the future, I am confident that Intertek is in a strong position given the increased demand for our ATIC solutions."

Compliance with the 2018 UK Corporate Governance Code ('Code')

This report has been prepared in order to provide stakeholders with a comprehensive understanding of our governance framework and to meet the requirements of the Code, the Listing Rules ('LR') and the Disclosure Guidance and Transparency Rules ('DTR'). A copy of the Code is publicly available at www.frc.org.uk.

Page 36 sets out how this section has been structured around the Code Principles.

The Board confirms that during 2022, the Company has consistently applied the principles of good corporate governance contained in the Code and has complied with the provisions apart from Provision 38. Provision 38 stipulates that the pension contribution rates for Executive Directors should be aligned with that of the workforce. The pension contribution for all new Executive Directors appointed to the Board since 2018 has been aligned with that of the workforce. However, when the current CEO joined Intertek in 2015, and prior to the introduction of provision 38 in the Code issued in 2018, his contract stipulated a pension contribution of 30% of base salary per annum. This is more than the pension contribution of the majority of the UK workforce. Regardless of the obligations outlined in the CEO's contract, agreement was reached with the CEO to reduce his pension from 30% of base salary to 5% over a period of five years starting from 2021, and from 1 June 2023, the pension contribution will reduce to 15% of base salary. More information on the engagement with shareholders on this issue is outlined in the letter from the Chair of the Remuneration Committee in the 2021 Annual Report & Accounts.

A more detailed explanation of our compliance can also be found on our website at intertek.com. The information required to be disclosed in accordance with DTR 7.2.6 can be found in the Other Statutory Information section on pages 104 to 107.

Board of Directors (Tenure is given as at 31 December 2022)

Former Directors who served during the year
No Directors left the Board during 2022.

Committees	
Audit	A
Nomination	N
Remuneration	R
Committee Chair	●

1 Andrew Martin
Chairman

Appointed to the Board in May 2016; appointed Chairman in January 2021

Committee: N

Nationality:

Ethnicity: White

Tenure: 6.5 years

Independent: Yes

Current principal external appointments:
Non-Executive Chairman of Hays plc and a Non-Executive Director of the John Lewis Partnership Board.

Key strengths:
- Wide-ranging and extensive financial background.
- Extensive experience of the travel, hospitality and support services sectors.

Experience:
Andrew was Group Chief Operating Officer for Compass Group plc until 2015, and prior to that, he served as their Group Finance Director for eight years until 2012. Before he joined the Compass Group, he was the Group Finance Director at First Choice Holidays plc (now TUI Group). Andrew also previously held senior financial positions with Forte plc and Granada Group plc (now ITV plc) and was a partner at Arthur Andersen.

He was previously a Non-Executive Director of easyJet plc and Chair of their Finance Committee until August 2020.

2 André Lacroix
Chief Executive Officer

Appointed to the Board in May 2015

Committee: N/A

Nationality:

Ethnicity: White

Tenure: 7.5 years

Independent: N/A

Current principal external appointments:
None.

Key strengths:
- Excellent track record of delivering long-term growth strategies and shareholder value globally across diverse territories.
- Strong leadership skills.

Experience:
From 2005 to 2015, André was Group CEO of Inchcape plc, during which time he strengthened its position in the global automotive market with a track record of delivering double-digit earnings growth with strong cash generation, and created significant shareholder value as its market capitalisation more than doubled during his tenure as Chief Executive.

He was previously Chairman and Chief Executive Officer of Euro Disney S.C.A., President of Burger King International operations and formerly the Senior Independent Director of Reckitt Benckiser Group plc from October 2008 to December 2018.

3 Jonathan Timmis
Chief Financial Officer

Appointed to the Board in April 2021

Committee: N/A

Nationality:

Ethnicity: White

Tenure: 1.75 years

Independent: N/A

Current principal external appointments:
None.

Key strengths:
- Track record as an experienced finance executive.
- Broad international experience in highly successful companies.

Experience:
Until March 2021, Jonathan was the CFO Health at Reckitt Benckiser Group plc where he also served as the Group Controller, Regional Finance Director for North America and Regional Finance Director for Southern Europe. Prior to his time at Reckitt Benckiser, Jonathan spent several years in senior finance roles with SAB Miller, including three years as the Finance Director of Royal Grolsch and Finance Director for the UK business. Jonathan's early career in finance was with PwC. Jonathan is a Fellow of the Chartered Institute of Management Accounting.

Board of Directors Continued

4 Graham Allan
Senior Independent Non-Executive Director

Appointed to the Board in October 2017

Committee: N R

Nationality:

Ethnicity: White

Tenure: 5 years

Independent: Yes

Current principal external appointments:
Senior Independent Non-Executive Director of InterContinental Hotels Group plc, Non-Executive Director of Associated British Foods plc and Americana Restaurants International PLC and a Director of Ikano Retail Pte Ltd (privately owned). Chairman of Bata International (privately owned) and adviser to Nando's Ltd.

Key strengths:
- Extensive international consumer and retail experience.
- Wide-ranging knowledge of the Asian market.
- Strong management knowledge and extensive board-level experience.

Experience:
Graham was Group Chief Executive of Dairy Farm International Holdings Limited, an Asian retailer headquartered in Hong Kong, from 2012 to 2017. In 1992, he joined Yum! Restaurants International (formerly PepsiCo Restaurants International) where he held several senior positions before assuming the role of President and CEO in 2003, leading the development of global brands KFC, Pizza Hut and Taco Bell in more than 120 international markets. Prior to his tenure at Yum! Restaurants, he worked as a consultant including at McKinsey & Co Inc.

He was previously a Non-Executive Director of Yonghui Superstores Co. Ltd in China and a Commissioner of Hero Group, an Indonesian retailer.

5 Gurnek Bains
Non-Executive Director

Appointed to the Board in July 2017

Committee: N R

Nationality:

Ethnicity: Asian

Tenure: 5.5 years

Independent: Yes

Current principal external appointments:
Managing Partner of Global Future Partnership LLP and CEO of Nous Think Tank.

Key strengths:
- Wide-ranging experience working with senior leaders internationally providing an important voice on people.

Experience:
Gurnek was the co-founder of YSC Ltd, a premier global business psychology consultancy. He led the business as Chief Executive Officer and Chairman for 25 years to a position of global pre-eminence, and a client base comprising over 40% of the FTSE 100. Gurnek has worked extensively with multinational organisations in the areas of culture change, vision and values, executive coaching and assessment, board development and strategic talent development.

He is Chair of Akram Khan Dance Company.

He has a doctorate in Psychology from Oxford University.

6 Lynda Clarizio
Non-Executive Director

Appointed to the Board in March 2021

Committee: A

Nationality:

Ethnicity: White

Tenure: 1.75 years

Independent: Yes

Current principal external appointments:
Non-Executive Director of CDW Corporation, Emerald Holding, Inc and Taboola.com Ltd (US listed companies), and Simpli.fi Holdings, Inc., and Cambri Oy (both privately owned).

Key strengths:
- Strong track record of leadership in complex organisations.
- Significant experience in digital measurement and broader technology.
- Extensive board-level experience.

Experience:
Lynda is the Co-Founder and General Partner of The 98, an early-stage venture fund investing in tech-enabled businesses led by women. Lynda was President of U.S. Media at Nielsen Holdings plc, a global measurement and data analytics company, where she worked from 2013 to 2018. Her prior experience includes CEO, President and other leadership positions at AppNexus, Inc., INVISION, Inc., AOL Inc. and Advertising.com. She previously was a partner in the law firm Arnold & Porter, where she practised law from 1987 to 1999.

She is Vice Chair of Human Rights First, a non-profit international human rights organisation.

7 Tamara Ingram OBE
Non-Executive Director

Appointed to the Board in December 2020

Committee: N R

Nationality:

Ethnicity: White

Tenure: 2 years

Independent: Yes

Current principal external appointments:
Non-Executive Director of Marsh & McLennan Companies, Inc., Marks and Spencer Group plc and Reckitt Benckiser Group plc.

Key strengths:
- A long-standing leadership career in advertising, marketing and digital communication.
- A deep understanding of consumer brands and digital strategy.

Experience:
Tamara held leadership roles within WPP from 2002, and was the Global Chair of Wunderman Thompson (a subsidiary of WPP plc). Her executive experience includes senior roles at Kantar Group, McCann Erickson and Saatchi & Saatchi UK, where she held the roles of CEO and Executive Chair. Tamara was previously a Non-Executive Director of Sage Group plc and Serco Group plc.

She is Chair of Asthma + Lung UK.

Board of Directors Continued

8 Jez Maiden
Non-Executive Director

Appointed to the Board in May 2022

Committee: A

Nationality:

Ethnicity: White

Tenure: 0.5 years

Independent: Yes

Current principal external appointments:
Group Finance Director for Croda International Plc and Non-Executive Director of the Centre for Process Innovation Ltd.

Key strengths:
- Wide-ranging and extensive financial background.
- Extensive experience in a diverse range of industries and sectors across all geographies.

Experience:
Jez has been the Group Finance Director for Croda International Plc, the FTSE100 global speciality chemicals company, since 2015. Before he joined Croda International Plc, he was the Group Finance Director at National Express Group PLC from 2008. Jez was also previously the Group Finance Director at Northern Foods Plc and Chief Financial Officer at British Vita Plc. He was previously the Senior Independent Director, Chair of the Audit Committee and a member of the Nomination and Remuneration Committees at Synthomer plc and Chair of the Audit & Risk Committee and a member of the Nomination and Remuneration Committees at PZ Cussons plc. Jez is a Fellow of the Chartered Institute of Management Accountants.

9 Kawal Preet
Non-Executive Director

Appointed to the Board in December 2022

Committee: N/A

Nationality:

Ethnicity: Asian

Tenure: –

Independent: Yes

Current principal external appointments:
President, Asia Pacific, Middle East and Africa for FedEx and US-ASEAN Business Council and Junior Achievement, Asia Pacific.

Key strengths:
- Strong executive experience in fast-paced and complex organisations.
- Significant experience in transportation and airline industries.
- Strong regional experience in Asia Pacific, Middle East and Africa.

Experience:
After a career of over 25 years at FedEx Express, Kawal is President, Asia Pacific, Middle East and Africa, a position she has held since 2020. In that role, Kawal has responsibility for a region encompassing 103 countries and territories with nearly 40,000 employees. After working for Tata Motors as a Graduate Engineer Trainee in India, Kawal joined FedEx Express in 1997 as an Associate Engineer in Singapore. She is currently serving on the Boards of US-ASEAN Business Council and Junior Achievement, Asia Pacific. Kawal was previously a Non-Executive Director of Asia Airfreight Terminal Co. Ltd, a private company from 2016 to 2020. Kawal Preet has a degree in Electrical Engineering and an MBA.

10 Gill Rider CB
Non-Executive Director

Appointed to the Board in July 2015

Committee: A R

Nationality:

Ethnicity: White

Tenure: 7.5 years

Independent: Yes

Current principal external appointments:
Chair of Pennon Group plc. Chair of South West Water and Bristol Water plc (both subsidiaries of Pennon Group plc) and Pro-Chancellor of the University of Southampton.

Key strengths:
- Successful global experience on the people agenda.
- Extensive experience as a Non-Executive Director.
- Strong experience on remuneration and sustainability issues.

Experience:
Gill was head of the Civil Service Capability Group in the Cabinet Office, reporting to the Cabinet Secretary. Prior to that, she held a number of senior positions with Accenture, culminating in the post of Chief Leadership Officer for the global firm. Previously Gill was a Non-Executive Director of De La Rue plc and, until January 2020, Senior Independent Director of Charles Taylor Plc, where she also chaired their Remuneration Committee.

She is currently President of the Marine Biology Association and was also previously President of the Chartered Institute of Personnel & Development.

11 Jean-Michel Valette
Non-Executive Director

Appointed to the Board in July 2017

Committee: A

Nationality:

Ethnicity: White

Tenure: 5.5 years

Independent: Yes

Current principal external appointments:
Non-Executive Director of Sleep Number Corporation and Lead Director (Senior Independent Director) of The Boston Beer Company, both of which are US listed companies and Fine & Rare Wines Ltd.

Key strengths:
- Extensive knowledge of the US market.
- Strong leadership and board-level experience, with purpose-driven companies.

Experience:
Jean-Michel has more than 30 years' experience in management, US public company corporate governance, strategic planning and finance. Previously, he was Chairman of Peet's Coffee and Tea, Inc., a US beverage company which was listed at the time. He was also appointed as Managing Director at the Robert Mondavi Winery before becoming Chair. In his earlier career, Jean-Michel was President and Chief Executive Officer of Franciscan Estates, Inc., a premium wine company. He was Chair of Sleep Number Corporation until May 2022.

He currently serves as an independent adviser in the US to select branded consumer companies.

He has an MBA from Harvard Business School.

Direct reports to the CEO (as at 27 February 2023)

Global functions

Tony George
Executive Vice President, Human Resources

Ken Lee
Executive Vice President, Marketing and Communications

Julia Thomas
Senior Vice President, Corporate Development Group

Mark Thomas
Group General Counsel and Head of Risk & Compliance

Jonathan Timmis
Group Chief Financial Officer

Geographies

Jon Qin
CEO, Greater China

Sandeep Das
Regional Managing Director, South Asia and MENAP Product

Ayush Dhital
Regional Managing Director, Asia Pacific

Ian Galloway
Executive Vice President, Middle East and Africa

Ross McCluskey
Executive Vice President, Europe and Central Asia

Carlos Velasco
President, Latin America

Global business lines

Colm Deasy
President, Transportation Technologies, Building & Construction and People Assurance

John Fowler
Senior Vice President, Exploration and Production

Ian Galloway
Executive Vice President, Global Trade

Sandeep Das
President, Global Softlines and Hardlines

Bertrand Mallet
Executive Vice President, Industry Services

Calin Moldovean
President, Business Assurance and Food Services

Saranpal Rai
President, Electrical and Connected World

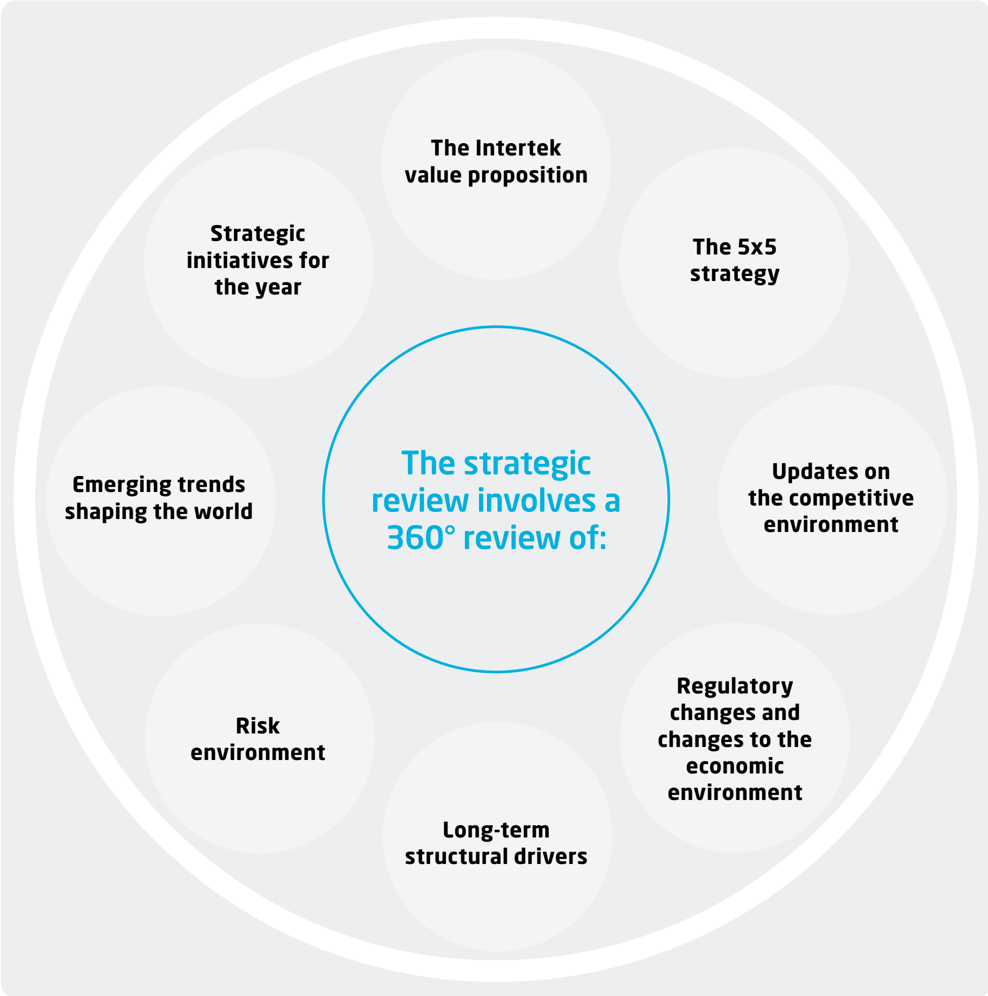
Board Leadership and Company Purpose

Effective and entrepreneurial board
Our Board comprises a Chairman, CEO, CFO and eight independent Non-Executive Directors. We all have differing skills, a wide range of diverse experience and extensive knowledge built up over time in our professional careers, which enables the Board to fully understand the strategic business drivers of Intertek, but also the risks and exposures associated with the multiple sectors and regions in which the Company operates. During the year, we welcomed two new Directors on the Board which brings new skills, views and perspectives as outlined in the Nomination Committee report on pages 67 to 70.

The need for an effective and entrepreneurial Board to provide the right leadership continues to be important; our combined experience of dealing with economic crises over the past 30 years has helped to inform and qualify us to effectively manage the ongoing impact of the pandemic as it went on into the first half of 2022, the changing macro-economic environment and the increasing awareness of the risks associated with climate change, to ensure the long-term sustainable success of the Company is not hindered. As such, our collective experiences have enabled us to preserve the long-term value of the business for our shareholders, our people and our customers, as well as the wider community as a whole for years to come.

The governance of Intertek is the responsibility of the Board, with the support of the Group Company Secretary, and provides the framework of authority and accountability that operates throughout the Company to ensure the needs of all stakeholders are considered and met. Good governance requires the Board to lead, guide and support the business in its quest for long-term sustainability and viability through strategic planning, and part of the governance structure in place is the development, implementation and monitoring of the 5x5 strategic plan for growth throughout the year. This is an ongoing process which is reviewed annually by the Board and involves a thorough review of the progress being made on the implementation of the strategy and the five-year business plan. The strategic review involves a 360° review of the Intertek value proposition, the 5x5 strategy, updates on the competitive environment and regulatory changes. The changes to the economic environment, the long-term structural drivers and emerging trends shaping the world are discussed, as well as the resulting impact on Intertek, together with the strategic initiatives for the year and ensures alignment with our Purpose of bringing quality, safety and sustainability to life for an ever better world.

We are also responsible for ensuring that the appropriate financial resources and people with the right skills and behaviours are in place to achieve the long-term strategy and deliver long-term sustainable performance. Further information on our strategy and progress towards delivering our strategic aims is set out in the Strategic report in Book one and further information on the activities of the Board is outlined in the table on pages 48 to 49.



The Intertek value proposition and Purpose
For more than 130 years, Intertek's story has always been about innovation. In 1885 we began testing and certifying grain cargoes before they were put to sea, and in 1888 we pioneered the idea of independent testing laboratories. Then in 1896, the greatest inventor of them all became part of our story. When Thomas Edison released the wonders of electricity and the light bulb he wanted to ensure that his products were checked, tested and safe. He established the Lamp Testing Bureau, later to become the Electrical Testing Laboratories.

Today, our superior customer service is based on our Science-based Customer Excellence approach that we have built up over many years, based on three essential components, namely: our science-based technical expertise, our science-based continuous improvement and our science-based innovation.

The foundations and aspirations of our business remain true to those established by our visionary founders, and their innovation and energy continue to be our inspiration. Our passion and entrepreneurial culture will ensure that we deliver for our customers in safety, quality and assurance – today and in the future.

The Board, with the Leadership Team, sets the corporate culture that defines our Purpose and establishes an environment where values are appreciated and respected, encouraging all of our people to 'Do Business the Right Way'. Our culture and Values have been, and remain, the core foundations of Intertek. Our 10X culture is one of entrepreneurial spirit and high performance, where we are totally focused on our customers, as outlined on pages 17 to 23.

Board Leadership and Company Purpose Continued

Board oversight of culture

Our success is based on a culture of trust amongst our colleagues, globally. To support and ensure this trust, we continuously monitor and develop further insights into the culture operating within the business. In doing so, we review the following throughout the year:

Area	Link to culture
View from the top	Town Halls allow the dissemination of information to employees across the Group and enable local leadership to communicate the right behaviours and cultural expectations, as well as give peer nominated awards for demonstrating our 10X Energies. Town Halls occur monthly at every Intertek location globally; they are monitored as it is a Core Mandatory Control. The 10X growth, coaching, training, people planning and the focus on recognition at all levels ensures that the right values and culture are driven throughout the organisation. The Board also reviews voluntary permanent employee turnover and the Group Engagement Index and as outlined on page 11, two of our Beyond Net Zero targets are a voluntary permanent employee turnover rate < 15% (2022: 14%, 2021: 13%) and having a Group Engagement Index of 90 (2022: 80, 2021: 80).
Globally aligned reward and incentive schemes	Our long-term incentive schemes are aligned so as to drive the right behaviours and values of our business, globally, in line with our Purpose right down throughout Intertek. In 2022, following feedback from our shareholders and other stakeholders and in line with the Group's wider Purpose of bringing quality, safety and sustainability to life, we introduced an ESG element into the annual incentive framework. More information is outlined in the Remuneration Committee report.
Health and wellbeing	Due to the importance we place on safety within Intertek, we have updates at every Board meeting on Health and Safety statistics across the Group to monitor trends year-on-year and to ensure that the right practices are being followed. As outlined on page 10, one of our Beyond Net Zero targets is having Total Recordable Incidents < 0.5 per 200,000 hours worked (2022: 0.44, 2021: 0.51). There were regular emails to the Board to closely monitor our people's health and wellbeing as the pandemic continued into 2022.
Ethics and compliance reports	Updates at every Board meeting on all hotline and whistleblowing reports and analysis by issue type. This enables the Board to determine if there are any trends which need further analysis or investigation. For more information see pages 50 and 76.
Training	Everyone in the organisation is asked to complete annual training on the Intertek Code of Ethics to demonstrate our understanding of, and commitment to, the highest standards of business conduct and ensure that we do business the right way. For more information see page 34. As outlined on page 34, one of our Beyond Net Zero targets is having 100% compliance training completion (2022: 97%, 2021: 94%). There is also annual training on the Core Mandatory Controls with further information outlined on page 76.
Key claims reports	Updates at every Board meeting on material legal claims and a review of the significant legal claims by the Audit Committee to monitor the trends and types of claims.
Internal audit reports	Updates at every Audit Committee meeting on internal audit reports, the areas of non-compliance with the Core Mandatory Controls and actions taken to address the non-compliance together with trend analysis to underscore that we are 'Doing Business the Right Way'.
Acquisitions	When the Board is considering acquisitions, one of the factors we consider is the culture of the business being acquired and how it will fit within the Intertek Group. The Board deemed the acquisition of Clean Energy Associates, LLC, a market-leading independent provider of Quality Assurance, supply chain traceability and technical services to the fast-growing solar energy and energy storage sectors, to have a similar culture of high performance and passion for customers.

Employees' perspective on our culture

Visits to locations across the world, both virtual and in-person, provide an opportunity for the Board to see the culture operating in situ. Below are some of our colleagues' views on culture in Latin America.

Intertek's culture is living day by day with new possibilities to improve processes focused on reducing errors and providing customers with quality services, challenging ourselves to grow professionally."

Claudia María Torres
Quality and Compliance Officer, El Salvador

Intertek's culture focuses on human resources, promoting teamwork, with ideas aimed at continuous improvement, in which we all do our bit to achieve the objectives, to exceed the expectations of our clients and to be their main ally, which makes us continue to be leaders in the market, feeling the pride of belonging to a great family that is governed by very high quality standards and that encourages you to be better day by day."

Veronica Luna
Sustainability Manager, Mexico

Intertek's culture is about passion and purpose; passion in every project and every goal with the clear purpose of helping our clients to position themselves as a benchmark of total quality."

Ilse Peralta
Government Sales Manager, Mexico

The foundations and aspirations of our business remain true to those set by our visionary founders, and innovation continues to be our inspiration. Our passion will ensure that we deliver for our customers safety, quality and sustainability to everyone's lives.

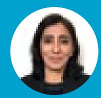
After ten years at Intertek, I realise that not only does the Company have its culture, but it also works and adapts to the culture of customers in different countries."

Joel Silva
Inspector, Brazil

Six years ago, when I joined the Intertek Team, I started as an Operations Assistant. I have always sought to be the best of Intertek's 10X Energy, motivating and engaging myself to always perform my best. I have always been in search of knowledge and experience, by taking internal training and undertaking extracurricular courses together with higher education, to always keep me engaged and have good relationships internally and with customers. Today, I am now an Operational Coordinator due to the 10X Culture."

Alexsandro Ferreira
Operational Coordinator Caleb Brett, Brazil

Intertek's culture is to do our day-to-day work honestly, always doing the right thing with passion and dedication and treating each service as if it were ours; providing our clients with quality services."



Lucina German
Caleb Brett Administrative Manager, Mexico

Board and Committee framework

Our Board of Directors

The Board has the ultimate and collective responsibility to promote the long-term sustainable success of the Company, ensuring that value is created for shareholders and contributes to wider society through its effective, entrepreneurial and innovative leadership. They ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. Our Board consistently acts with integrity, leads by example and promotes the culture to ensure its dissemination throughout the Company. It sets the strategic aims of the Company, its Purpose, customer promise, Vision and Values in alignment with our culture as outlined in Book one, pages 10 to 23.

The Board recognises the importance of its obligations under section 172 of the Companies Act 2006 to engage with, and consider, key and relevant stakeholders as part of its decision-making process. More information on the principal decisions made by the Board are in Book one, page 59.

The activities of the Board during 2022, and how the Board's governance contributes to the delivery of Intertek's strategy, is outlined on pages 48 and 49.

The Board delegates certain matters to its three principal Committees to carry out business as defined in their respective Terms of Reference. The remit, authority and composition of each Committee are clearly laid out and reviewed regularly to ensure that the support provided to the Board is effective. The Board also maintains the Board Approval Matrix which outlines the matters reserved for the Board. When necessary, the Board may delegate very specific matters to ad hoc subcommittees with clearly defined responsibilities and for a limited period of time. The Terms of Reference for each Committee and the Board Approval Matrix are available at intertek.com.

Nomination Committee

Ensures the Board and its Committees have the correct balance of skills, experience and knowledge and that adequate and orderly succession plans are in place.

Audit Committee

Oversees the Group's financial reporting, ensuring the effectiveness and independence of the external and internal audit functions and reviews the Group's financial internal controls and risk management systems.

Remuneration Committee

Establishes the Group's Remuneration Policy and ensures that it supports the strategy promoting the long-term sustainable success of the Group and that there is a clear link between performance, remuneration and alignment with our Purpose, Values and strategy.

Leadership Team

The Board delegates specific responsibilities, subject to certain financial limits, to management. This is governed by the Core Mandatory Controls, an annually reviewed and refreshed framework that allows the delivery of the strategic aims and financial performance whilst allowing risk to be assessed and managed.

Biographical details of the Leadership Team can be found at intertek.com.

Supporting Committees

The Leadership Team operates a number of supporting committees which provide oversight on key business activities and risks as outlined on page 37.

Board and Committee framework Continued

The following pages give an insight into how we, as a Board, use our meetings as a mechanism for discharging our responsibilities, including how the consideration of stakeholders is embedded into our workings as a Board and the range of matters we considered and discussed throughout the year.

Each Board meeting follows a carefully structured agenda agreed in advance by the Chairman, CEO and Group Company Secretary; this ensures that proper oversight of key areas of responsibility are scheduled regularly, and that adequate time is available for the Board to fully consider strategic matters. Every December, the Board reviews, discusses and agrees the Group's strategic plan and objectives. During the year, the Board then monitors and reviews the performance of the business to ensure that the strategic objectives are being met. The topics in the following table are presented to the Board for review against the 5x5 strategy to ensure that the goals underlying our strategy for growth have been met during the year. The 5x5 strategy and goals are outlined in Book one, page 10 and the outcome of some of the decisions made by the Board during the year in line with the 5x5 strategy are outlined in Book one, page 59.

In addition to regular items, we receive presentations from the Leadership Team and global leaders across the business on their areas of responsibility and expertise. External speakers also present periodically to provide an overview on global or regional matters. One meeting a year is conducted overseas and this year it was held in India.

Principal risks

- 01 Reputation
- 02 Customer service
- 03 People retention
- 04 MacroEconomic
- 05 Health, safety and wellbeing
- 06 Industry and competitive landscape
- 07 IT systems and data security
- 08 Covid-19
- 09 Contracting
- 10 Regulatory and political landscape
- 11 Business ethics
- 12 Financial risk

Strategic priorities

- Differentiated brand proposition
- Superior customer service
- Effective sales strategy
- Growth and margin-accretive portfolio
- Operational excellence

Key to stakeholder groups

- i. Customers
- ii. Communities
- iii. Investors
- iv. People
- v. Other

Topics	Link to strategic priorities	Link to stakeholders
Strategy		
Link to risks: 01 02 03 04 05 06 07 08 09 10 11 12		
2022 Board Strategic Agenda		All
Group M&A Strategy		All
Consideration and approval of acquisitions		All
Group Assurance Strategy		All
The Intertek World of Energy		All
Group Strategy and five-year plan		All
Group Portfolio Update		All
Group IT Strategy		i. iii. iv.
Topics for the 2022 strategy session		All
2023 Annual Budget		All
Financial management and performance		
Link to risks: 01 02 03 04 06 07 08 09 10 11 12		
CEO report		All
Finance report		All
Investor Relations report		iii.
Financial forecasts		iii.
Approval of full-year results, Annual Report & Accounts, half-year results and the AGM circular and proxy		iii.
Trading Updates shareholder feedback		iii.
Final and interim dividends		All

Board and Committee framework Continued

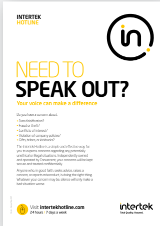
Topics	Link to strategic priorities	Link to stakeholders
People and culture strategy		
Link to risks: 01 02 03 11 12		
Group Talent Planning		iv.
Group People Strategy		iv.
Executive Committee succession planning		iv.
Sustainability		
Link to risks: 01 02 03 04 05 06 08 10		
Sustainability moments at every Board and Committee meeting		All
Group Sustainability Strategy		All
Corporate governance		
Link to risks: 01 02 03 04 05 06 07 08 09 10 11 12		
Reports of the activities of the Audit, Nomination and Remuneration Committees		iii. iv. v.
Notice of 2022 AGM and Proxy Form		iii
AGM preparation (Chairman's script, Questions & Answers, proxy votes and proxy advisors voting reports)		iii.
Chairman's Corporate Governance Shareholder Roadshow Feedback		iii.
Re-election of Directors at the 2022 AGM		iii. iv.
Directors' conflicts of interest		All
2022 Internal Board, Director and Committee evaluation process		All
2021 External Board, Director and Committee effectiveness review		All
Purchase of shares by ESOT		iv.

Topics	Link to strategic priorities	Link to stakeholders
Compliance and risk		
Link to risks: 01 02 03 04 05 06 07 08 09 10 11 12		
Quarterly Integrated Risk, Control, Compliance and Quality report		All
2021 Modern Slavery Act Statement		All
TCFD risks opportunities and impact		All
Customers		
Link to risks: 01 02 03 04 05 06 07 08 09 10 11 12		
Group Innovation Strategy		i. iv.
Group Marketing Strategy		i. iii.
Other		
Link to risks: 01 02 03 04 05 06 07 08 09 10 11 12		
Overseas Board meeting in Delhi, India		All
External speakers		All

Board and Committee framework Continued

Compliance, whistleblowing and fraud
Intertek is committed to maintaining a culture where issues of integrity and professional ethics can be raised and discussed, which is aligned to our Values to always do the right thing with precision, pace and passion. This also forms part of our 5x5 strategy for growth. The Group's key ethics and integrity policies are set out in the Code of Ethics and a detailed description of the topics covered by the Code of Ethics, its operation during the year and the outcomes of these policies are contained on page 34. All third parties working are required, as a condition of engagement, to document their acceptance and understanding of the Intertek Code of Ethics and Intertek Anti-Bribery Policy before commencing work on our behalf. It is the responsibility of each third party acting on Intertek's behalf to understand and apply these two Intertek Policies.

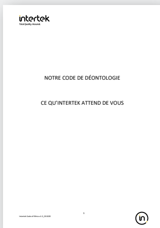
Whistleblowing is the responsibility of the Board and the Group has a whistleblowing process which includes a global hotline system enabling all employees, contractors, suppliers and others to confidentially report suspected misconduct or breaches of the Code of Ethics. Hotline posters are required to be displayed in a clearly visible position at each Intertek site and is a Core Mandatory Control. This is supported by dedicated Compliance Officers across the Group's markets who undertake the investigation of any issues arising from reports to the hotline system or from other sources, such as routine compliance questions. The Board receives quarterly reporting on whistleblowing and integrity issues. The Group Compliance function is independent of the Group's operational business and reports directly to the Group General Counsel.



Hotline poster in English

Hotline poster in Indonesian

Hotline poster in Turkish



Code of Ethics booklet in French

Internal control and risk management

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.

At each Board meeting during 2022, the Group General Counsel presented an integrated risk, control, compliance and quality report including a review of:

- the Group's emerging risks, the status of the quarterly emerging risk mitigation action plans and the new quarterly emerging risk mitigation plans;
- the specific systemic risks including quarterly hotline and whistleblowing reports, key claims and authorised unlimited liability contracts; and
- the Group's systemic risk environment, the status of the quarterly systemic risk mitigation action plans and the new quarterly systemic risk mitigation plans.

Governance and Sustainability

Sustainability is central to everything we do at Intertek and, as a Purpose-led Company, it is anchored in our Purpose, Vision and Values. The Board, as part of its overall stewardship of the Company, oversees the Group's sustainability and corporate responsibility, together with any material environmental and social issues.

The Board recognises the importance of sustainability to all our stakeholders, together with the increasing risks associated with climate change and ensures that at every Board and Committee meeting, the first item on every agenda is a 'Sustainability Moment' to demonstrate its importance to the future long-term sustainable success of Intertek.

While the Board as a whole has responsibility for overseeing Intertek's approach to sustainability, the Net Zero Steering Committee and the Beyond Net Zero Steering Committee oversee and monitor our policies, practices and progress against our sustainability commitments and targets. Further information on the composition of these steering committees, together with their remit, is outlined on page 37.

At Intertek, our goal is to deliver sustainability excellence across all operations. Our sustainability agenda concentrates on our four focus areas: People and Culture, Working with our Customers, protecting the Environment and supporting the Communities in which Intertek operates, all whilst applying responsible business practices.

During the year, the Board received a detailed update on the progress of the sustainability strategy, action plans and their effectiveness.

Recognising the importance of bold ambitions, Intertek set new emission reduction targets to improve our environmental performance across our operations. These targets replace those set in 2017 and are aligned to the guidance provided by the Science Based Target initiative for near-term targets as a step on our journey to net zero by 2050.

To read more about the progress against our sustainability commitments and activities throughout the year, see pages 24 to 29.

Stakeholder relations

For more than 130 years, Intertek has understood its role in society as companies around the world have depended on us to help ensure the quality and safety of their products, processes and systems. We are focused on driving long-term sustainable performance and recognise the importance of considering Intertek's responsibilities to our customers, shareholders, and wider stakeholders.

We, as a Board, are clear on our legal duty to act in good faith, to promote the success of the Group for the benefit of shareholders and have regard to the interests of our stakeholders and other factors. These include the likely consequence of any decisions we make in the long term; the interests of employees; the need to foster the relationships we have with all of our stakeholders; the impact of our operations on the community and the environment; the desire to maintain the highest standards of business conduct; and to act fairly between shareholders.

The Directors' duties under section 172 of the Companies Act 2006 help to underpin the good governance which is at the heart of what we do. Details of how we met our obligations during 2022, by taking account of shareholder and wider stakeholder interests in our strategic planning and decision-making processes, are outlined in the section 172 statement in Book one, pages 58 to 64. Today, the expectations of all stakeholders – employees, customers, consumers, investors, communities and wider society, governments and regulators – continue to rise. This statement summarises how we have had regard for the need to foster the Company's business relationships with customers and others, and the effect of that regard, including on the principal decisions taken by us during 2022, more details of which are set out in Book one, page 59, and the value we create for our stakeholders is outlined in Book one, page 21 and 22.

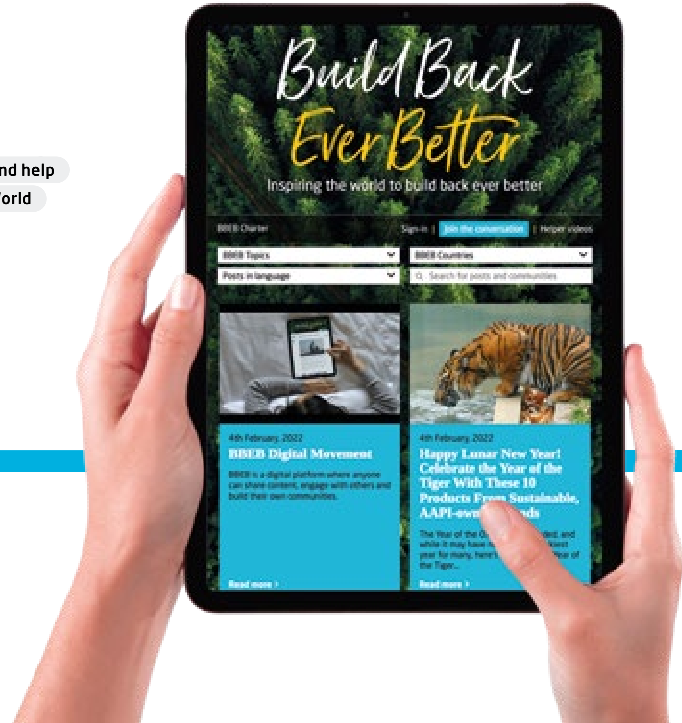
In 2021, we launched our Build Back Ever Better ('BBEB') platform at bbeb.com and by making our Company ever better, and by helping our clients to make their businesses ever better, Intertek is uniquely positioned to inspire our communities and ultimately the world to Build Back Ever Better. With BBEB we continue to inspire everyone within Intertek and beyond – our clients, friends and families, communities and governments – to make a positive difference to society.

The next section summarises how we have engaged with employees during 2022 and how we have had regard to their interests and the result of that engagement. Our approach to investing in our people to attract, develop, retain and reward our employees is outlined on pages 10 to 16.

"We, as a Board, are clear on our legal duty to act in good faith, to promote the success of the Group for the benefit of shareholders and have regard to the interests of our stakeholders."

Andrew Martin
Chairman

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



Workforce engagement

In line with the Code, this section outlines our engagement with our employees.

After extensive discussions when the Code was introduced, we decided not to choose one of the methods suggested in provision 5 of the Code due to the global nature and size of the business, together with the complexity and diverse make-up of the various sectors and regions in which we operate. Instead, we utilise a multi-faceted approach to workforce engagement to make certain that what is in place ensures that we, as a Board, receive 360° multi-source feedback to assist us in evaluating the different views and perspectives from our employees across the Group. We keep our engagement mechanisms under review and continue to believe that this methodology remains effective as it enables us, the Board, to fully understand the views of the workforce when taking such considerations into account as part of our decision-making process. This is vital as our people are core to our business and make it happen 24/7.

The way in which our people combine passion and innovation with customer commitment to create a single unbeatable asset sets us apart and is a vital element of our entrepreneurial, customer-centric culture. The variable remuneration structure and policy for the Executive Directors cascades down to the wider workforce and is communicated throughout the Group, ensuring engagement across Intertek to ensure alignment with our Purpose, to drive the right behaviours and to deliver the 5x5 strategy. We are focused on ensuring that our strategy and culture give our people the right platform to not only grow and develop their careers, but to support our Purpose in making the world a better place by bringing quality, safety and sustainability to life for an ever better world.

We utilised technology to ensure that throughout the uncertain landscape that the pandemic presented, we remained ever connected with our people, globally. During the pandemic, Microsoft Teams was instrumental in providing instant communication between all business lines and functions, and we have continued to utilise technology as we returned to in person meetings as it has enabled the Board to virtually meet and visit far more employees and sites than previously possible.

The way our colleagues have come together to embody our Purpose to bring quality, safety and sustainability to life for an ever better world has been an inspiration to all during the pandemic. Their commitment to our customers to go above and beyond and deliver superior customer service has truly demonstrated the strong customer-centric ethos at the core of Intertek. Our success is based on the energy and enthusiasm with which our people react to our meaningful Purpose.

How did we engage?
The world needs Intertek more than ever, with the unrivalled expertise of our people, our focus on delivering risk-based Total Quality Assurance solutions, and our proven track record of innovating and anticipating the growing needs of our clients as the world around them grows more complex.

On the next few pages, we outline how the Board ensures that it has the right touchpoints across the world for employees, regardless of their country or site, to engage. This ensures that their views are understood to provide the necessary feedback and data that the Board can then incorporate as part of its strategic decision-making process during the year to determine the impact of such decisions on our employees.

18
countries visited by the Directors during 2022

Our Vision
Our vision is to be the world's most trusted partner for Quality Assurance, underpinned by our shared values:

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

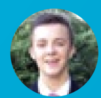
Workforce engagement Continued

our engagement with our people 2022

As a member of the Valuable 500, Intertek is committed to actioning disability inclusion. We want all our colleagues to feel that they are part of a diverse community, where everyone is included and has access to the tools and resources they need to succeed in their careers.

Thomas Childs, IT Data Assistant at Intertek Cristal, joined Intertek in September 2021 through the UK Government's 'Kickstart' scheme and became a permanent member of the Intertek CSF team in June 2022. He was interviewed by Sally Murtagh, Director Group Internal Communication, and gave his advice on how to understand and support people with Cerebral Palsy. Sally also separately interviewed Tim Dixon, Head of IT Architecture, and Hannah Gibson, Director of Assurance and Training in the UK, both of whom have hereditary eye conditions. The interviews were made available on Intertek's intranet to promote awareness and understanding.

"My colleagues have been awesome in supporting me with my work and helping me progress to where I am today. I'm lucky that I've landed in a job that I really like. I'm grateful to work with a team who are so nice and who have accepted me for who I am. They've made me feel included from day one."

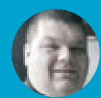


Thomas Childs
IT Data Assistant

"I have an amazing line manager who has really encouraged me to be more brave and open about my disability and to understand that my disability doesn't define me or make me any less able to do my job. I'm very competitive, like a lot of people are in work, and I like to put in my best performance and operate at my fullest potential, which she's enabled me to do. The management team that I'm on are a fantastic bunch, and we're all really open about my disability. We've incorporated that into the way we work, so they really let me be myself without letting my disability define me, but also taking it into account."

Hannah Gibson
Director of Assurance

"Over the last seven years, since initial diagnosis, I've been fortunate to have had several managers who have fully supported me and, with the support of UK HR and a UK government scheme called Access to Work, we've been able to work through technology that will help me remain in work, remain productive and perform at 10X levels."



Tim Dixon
Head of IT Architecture

Workforce engagement Continued

Town Halls were conducted across the world. As an example, in August 2022, as part of their visit to Singapore on 15 August, Intertek CEO, André Lacroix and Regional Managing Director, Asia Pacific, Ayush Dhital, held a Town Hall meeting with all employees of Intertek Singapore and Intertek Malaysia.

André thanked everyone for their contribution to Singapore and Malaysia's excellent financial performance during the first half of 2022. He applauded colleagues' commitment to Intertek and recognised their outstanding performance in achieving sustainable growth and bringing value to all stakeholders.

The Town Hall concluded with a 10X Energies Awards ceremony, with the following performers being recognised in appreciation of their great efforts:

- **Georgina Mendoza Legaspi** (Caleb Brett – Quality Assurance)
- **Samsudin Bin Mohd Yusoff** (Caleb Brett – Cargo Inspection Training)
- **Dinesh S/O Shanmuganathan** (Caleb Brett – Cargo Inspection)
- **Mohammad Nasir Bin Mohamed** (Caleb Brett – Cargo Inspection)
- **Jammy Tay Siok Hoon** (Agri)
- **Raja Hamidah Bte Ab Kadir** (Industry Services)
- **Kimmy Chan Yi Cheng** (Government & Trade Services)
- **Business Assurance - System Certification Team** (Represented by Leonnoel Goh and Desmond Lim)
- **Electrical Team** (Represented by Ong Keng Chuan, James Tan, Yison Ong & Yap FangYu)
- **Hafiza Wati Binti Jusoh** (Agri – Indo Business)
- **Elangovan A/L Krishnan** (Agri)

Question and answer sessions are held at Town Halls to provide two-way communication and a method of further engagement. André Lacroix led 32 Town Halls across the world during 2022.

Our colleagues across the world continue to upload stories about how they or their team are bringing our Purpose to life through their work. The stories are available to view on WhatsIn, our internal communications system.

The October overseas Board trip to India took place in Delhi and enabled the Board to meet colleagues from India, Bangladesh, the Middle East and sub-Saharan Africa and visit the following Intertek laboratories:
- Delhi (India)
- Dhaka (Bangladesh)
- Tirupur (India)

Meetings with colleagues within the business during 2022. The Chairman and Non-Executive Directors have met 35 leaders and subject matter experts across the Group and had presentations on their areas of expertise at Board meetings throughout the year. They have also met many other colleagues visiting sites during the year and on the visit to India in October 2022. Technology has been used to facilitate the attendance of many from overseas without the need for travel to the physical Board meeting. The increased flexibility in how we facilitate the interaction between the Board members and our employees has evolved from changes necessitated during the pandemic. The Board was particularly interested to engage with and hear feedback from our employees across the different locations.

Regular updates on the status of the pandemic across the world and the impact on our colleagues.

The Non-Executive Directors undertook additional visits to our laboratories engaging with our employees across the world as below:
- Austin (US)
- Florence (Italy)
- Dubai (UAE)
- Manchester (UK)
- Melbourn (UK)
- Mississauga (Canada)
- Jurong Island (Singapore)
- Milton Keynes (UK)
- San Antonio (US)

In 2022, Jez Maiden was appointed to the Board. As part of his induction programme, he met with senior colleagues at Intertek and as part of his induction into the business visited seven countries, both virtually and in person, with presentations and tours by 20 senior managers where he was introduced to many other colleagues during the tours. The engagement with the local workforce aided his induction and allowed him to ask questions and understand any issues to then be encapsulated and addressed in future Board discussions.

We had an excellent visit to Milton Keynes. All the teams we met were incredible experts in their fields, professional and passionate about the difference we can make to our clients' development and testing plans. It was exciting to see the investment in EV technology."

Gill Rider
Non-Executive Director

Workforce engagement Continued

Visit to India and stakeholder engagement – October 2022

For the first time in two years, the overseas Board visit was held in person and was truly an exciting event enabling engagement with colleagues and seeing our Science-based Customer Excellence approach in action. Our external speakers provided in-depth analysis of the current geopolitical and economic climate in the region."

Andrew Martin
Chairman

Communities:

- All presentations had a sustainability moment from the installation of solar panels to improving health and safety statistics.
- Examples of Corporate Social Responsibility initiatives were provided.

Customers:

- Details of major customers and projects.
- How Intertek is viewed as a partner and the value of the services provided.
- The focus of customers on sustainability.

People:

- Headcount and turnover.
- Importance of attracting the best talent.
- Focus on diversity.

Monday	Board members arrived in Delhi, India	
Tuesday	Morning	External Speaker
	Morning	Intertek Site visit – Gurugram SL – Hardlines & Softlines Laboratory Sandeep Das, President Global Softlines and Hardlines and Regional Managing Director South Asia and MENAP Product, gave an introduction to the laboratory and then gave a tour of the facility.
	Afternoon	Meeting with two customers; one of which was Richa Global, one of the oldest garment producers in North India and a customer of Intertek for two decades.
	Evening	External Speaker
Wednesday	Presentations	
	India Country Presentation	Sandeep Das Ashish Gupta
	India Softlines	Sandeep Das
	India Business Assurance	Sandeep Vig
	India Electrical	Nagendra Bangaragiri
	India Caleb Brett	Priyabrata Mohanty
	India Food	Prakash Vishnu
	India Industry Services	Kamal Deep Dalela
	Bangladesh: Country presentation	Sandeep Das Neyamul Hasan
	South Asia: People	Smriti Chand
	World of Energy – MENAP	Hanna Jabbour & James Ignatovich
	MENAP Products	Sandeep Das
	Sub-Saharan Africa	Reinhold Gehling
	MENAP – People	Sanjay Joshi
	Evening	External Speaker
	Dinner	Board and local management
Thursday	Board meeting	

Workforce engagement Continued

The Board agreed that the commitment and pride of the team working in India, the Middle East and Sub-Saharan Africa shone through and they really appreciated the time taken by our colleagues to demonstrate with passion the services provided. The management team had also provided very clear and detailed analysis of their businesses and future strategy.

What did we learn were the issues for employees during 2022?
The engagement with our colleagues highlighted the main areas of concern in 2022 and these are encapsulated below.

What are the opportunities for training, growth and promotion within Intertek and how is my work recognised at Intertek?"

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

How can we contribute to our communities?"

What help is available to support employees?"

What did we do?
Employee growth and recognition
Our passionate Intertek Total Quality Experts work globally for our customers daily, contributing to the success of our customers' products, services and operations and helping us succeed in our Vision of being 'The world's most trusted partner for Quality Assurance'. Our People Strategy is captured in the sentence:

Energising our colleagues to take the Company to new heights."

Our differentiated TQA value proposition creates incredible growth opportunities for our people. In order to seize these growth opportunities, we want to inspire, engage, grow, develop and retain the best people and ensure they always have the right skills to deliver our TQA Customer Promise and grow our business.

The '10X WAY!' is a suite of interactive training programmes developed in 2017 by our own leadership team, using key tools and best practice. E-learning modules are available to employees via LUCIE. Our performance and growth conversation process, My 10X Journey, enables quality conversations to clarify expectations, foster continual personal growth and development, and inspire people to perform beyond their best. Here follows information on the 10X Leadership and 10X Coaching undertaken during 2022.

10X Leadership

What is 10X Leadership?
10X Leadership is designed as a fully immersive leadership development experience for senior leaders comprising lectures and leadership exchanges on key principles of leadership. Attendance at 10XL events is voluntary and senior leaders are invited to self-nominate, so the impetus to attend is entirely self-motivated. This approach engenders a committed and impactful learning experience for leaders, rather than it being imposed. Events are kept to approximately 100 delegates to allow for intimate group interactions. 10XL events held to date are below:

10XL Events	When
10XL 1.0 2019 – Athens	Nov 2019
10XL 2.0 2022 – Oxford	March 2022
10XL 3.0 2022 – Orlando	Sept 2022

Excellent planning and execution at all levels. Lectures delivered by André were riveting, leadership exchanges were valuable, activities were exciting and fun. Overall, one of the best events I have ever attended."

10XL selected verbatim feedback:

- "Everything AAA++++"
- "First, to be able to hear direct from our CEO for a whole week on his life experiences – absolutely incredible, what an honour. Also, I truly loved the format of lecture for an hour+ and then a totally engaging workshop session. The structure of the workshops was fantastic. Getting to know other colleagues from other business lines was terrific. So well done."
- "I will remember the 10X Leadership event in Florida as one of the best weeks of my life."
- "Enlightening, inspirational, energising and giving me the resources and courage to be an ever better leader!"
- "The lectures delivered by André, along with his personal experiences, felt like I was participating in an MBA course; the fact that a CEO took his time to do this is amazing. It was a very inspiring week."
- "I was honestly overwhelmed by the level of energy and inspiration that I left the event with. I'm hopeful that I can execute on this now that I'm back to Earth. And, I look forward to the next stage of coaching to follow."

We are actively planning future events in 2023 for current and future nominees.

Workforce engagement Continued

10X Coaching

What is 10X Coaching?

We certify our own in-house 10X Coaches through our 10X Coaching programme. To qualify as a 10X Coach, selected leaders attend a rigorous in-house training programme where they develop the skills to have truly transformative conversations which create a culture and environment where people can unleash their full potential. 10X Coaches are required to meet annual re-certification requirements to continue their coaching practice.

In 2022, we recertified eight coaches from our 10XCCP1.0 programme and certified a further ten new coaches in programmes 10XCCP2.0 and 10XCCP3.0. Our next certification programme 10XCCP4.0 is underway.

Our 10X Coaching faculty now has 18 certified 10X Coaches.

A key learning from our 10X Coaching certification programme is that those who are certified as a 10X Coach experience a paradigm shift in how they consider leadership. There is a clear multiplier effect whereby there is an impact on the coach, their team and participating coachees.

10
new 10X Coaches certified in 2022

18
total 10X Coaches certified

10X Coaching selected verbatim feedback

We have received great feedback from participants:

- "For this is an amazing experience. I am learning much more than teaching… this is really an opportunity for my personal/professional development!!! Thank you for this."
- "I am truly excited and grateful for this important training milestone. I think it is a privilege to have someone of such depth available to address topics in such a personal form. Especially thank you also for the choice of coach, it seems amazing how comfortable I feel with her, I could not have had a better person."
- "Each session we've had now has left me bursting with new ideas and insights. …allows me to navigate through my own thinking, where I am also confronted with some of my own quirks…I am truly loving the experience. I think I have been assigned a great coach that will truly help me become a better leader."
- "It gives me new insights and also confirmation that I am making the right choices."
- "…very open, very clear on the rules of engagement, gives me confidence and creates a safe environment for me to open up and question some of my thinking. I am finding the experience extremely rewarding and energising… It is a true 100% coaching session – all down to me to find my own answers. All in all, a very positive experience."

We continue to build our 10X Coaching faculty and offer the experience of coaching to our leaders.

10X Recognition

10X Recognition

To recognise our colleagues, there is a monthly global awards programme called 'Beyond the Peak' which is about celebrating our top performers across our Business Lines, Regions, Countries and Country/Business Lines for their outstanding achievements across various categories. Each month, we recognise Intertek's fearless 'Summiteers' on our intranet.

On 2 March 2022, a virtual awards 5x5 awards ceremony took place whereby André Lacroix recognised the top performers for 2021 in the following categories:

- The Performance Award
- The Operational Excellence Award
- The Sales Award
- The Brand Award
- The TQA Award
- The Innovation Award
- The Sustainability Award
- The Back to Peak Award

During the year, regular events have taken place at special events and Town Halls to recognise employees. As an example, Intertek UK celebrated its 2021 recognition awards. The event kicked off by celebrating their group 5x5 Award for Sustainability which was a huge achievement and recognised the work the UK had done to reduce emissions. This was followed by the winners of Intertek UK's Energy League – the three performance league tables for the UK country managed business lines and then by the Sales League Awards. There was also a National Ignite Award, where finalists have gone above and beyond in their roles, demonstrating our 10X Energies and supporting colleagues, customers, and the UK business in 2021.

Dominic Holloway, Food Services was recognised as the 2021 National Ignite winner for his Winning energy, delivering incredible results for Food Services, the UK business, and for one of our customers. Dom has been truly reliable, always willing to help others, coordinating complex programmes across multiple business lines and has done so with a smile on his face! He has been a standout example for supporting colleagues and delivering exceptional customer service. A Kindness Award was also given to recognise and celebrate our UK colleagues supporting each other and sharing moments of kindness. The 2021 National Kindness Award was given to Olivia Thompson, Chemicals & Pharma Wilton. From an incredibly strong shortlist, Olivia was voted by the UK senior leadership team as the winner thanks to the positive energy, care and consideration for colleagues demonstrated in her nomination. It was clear Olivia has gone out of her way to make Wilton a great place to work, and we were delighted to hear her story.

Workforce engagement Continued

Our Communities

Intertek has a network of more than 1,000 laboratories and offices in more than 100 countries employing more than 43,500 employees, and we have an important part to play in the communities where we are based, not only in terms of providing employment and opportunities but also in providing support for our local communities.

We are a Purpose-led Company bringing quality, safety and sustainability to life, and it is our colleagues who give us the right to call Intertek an "amazing force for good" and make a difference in their communities. Here are some examples of what we do for the communities where we live and operate.

Each spring and fall, Friends of the Grand Rapids Parks rally the community to plant trees. The goal is to plant 10,000 new trees throughout the city as part of an overall goal to have a 40% tree canopy. The benefits of trees include improved mental and physical health of residents and neighbours, decreased utility costs, lower rates of crime and speeding, improved environmental resilience and stormwater management, and a significant decrease in heat islands.

This year, 150 volunteers came together for two days and planted 200 trees in a neighbourhood within the City of Grand Rapids, Michigan. Six of our HR Team in Grand Rapids participated in planting the trees, which, in addition to being a lot of fun, has also made an impact on Grand Rapids' shade equity, tree diversity, and so much more.

In September 2022, members of Intertek's UK-based Energy & Water team and WSP UK Ltd participated in a beach clean event at Yaverland Beach on the Isle of Wight. The event complemented Blue Sea Protection's 'Great Nurdle Hunt', a foreshore survey that is conducted to determine the prevalence of micro-plastics (specifically nurdles) on the beach. Along a 100m stretch of the beach, the team surveyed the various types of rubbish that were found and collected. The resulting information from the 17.8kg collection was uploaded to the Marine Conservation Society's database for their Great British Beach Clean annual event.

The day's social and networking events also proved to be quite educational as participants learned how and where to recognise nurdles – plastic pellets which serve as raw material in the manufacturing of plastic products and bio-beads which are used in the wastewater treatment industry. They also learnt about Mermaids Purses (aka Shark Egg Cases) and the impacts of nurdles/bio-beads on shark and ray populations around the Isle of Wight.

Frank Beiboer, Managing Director of Intertek Energy & Water, said: "Our combined 20+ team enjoyed a great day outdoors with marine conservation, education and team building the key themes."

In October 2022, Intertek Malaysia held a fund-raising charity bazaar to support the Rumah Victory home for the elderly and raise funds to expand the home as the rooms are currently fully occupied. The fundraising was successful with over 100 booths selling a variety of food and other items with the Intertek Malaysian team happy to be able to play a part in giving back to society.

In India, they celebrated Kindness Week culminating it through #kindnessincommunity. Employees in the offices of Delhi, Bangalore and Mumbai spent time with children from underprivileged backgrounds whilst sharing a meal. Elsewhere in Intertek, our colleagues participated in various #kindnessincommunity initiatives throughout the week.

In MENAWA, the HR team placed a drop box at reception for colleagues to donate non-perishable food and other items in good condition to the Red Crescent charity.

Intertek Pakistan organised with Indus Hospital a voluntary blood donation drive at Intertek's Baig Tower office to support the hospital's blood bank and blood Cancer Patients.

In China, our colleagues took part in various Kindness initiatives and in the USA, we had a Kindness challenge for each day of the week, culminating in a challenge to think about what your site or team can do this year to give back to your community during Intertek's 'A Season of Giving' challenge.

1,000+
laboratories and offices in more than 100 countries

43,500+
employees

Our combined 20+ team enjoyed a great day outdoors with marine conservation, education and team building the key themes."

Frank Beiboer
Managing Director of Intertek Energy & Water

Workforce engagement Continued

Employee support

At Intertek, we are mindful of the wellbeing of our colleagues, which is why we encourage them to take a moment to visit our Global Wellbeing programme, Kindness.

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.

At Intertek, we are also committed to the safety and wellbeing of our employees and we have an Environment, Safety and Wellbeing ('ES&W') Representative for each of our locations globally and an ES&W 'Champion' for each of our Global Business Lines.

In Intertek Thailand, as colleagues returned to work in the New Year, they were given a small token of appreciation in the form of a 'Kindness Box'. At the beginning of 2022, the pandemic situation in Thailand was still uncertain. The number of new confirmed cases had reached over 8,000 and in total there were more than two million cases. The box contained Kindness hand sanitizer gel, spray and Intertek masks.

Yip Yew Joe, Country Managing Director, Intertek Thailand, said: "To support our colleagues' health and wellbeing, we have arranged this small appreciation token, the Kindness Gift box for you to celebrate this festive season with caution, care and responsibility".

As part of the health promotion program at our Fürth site in Germany, our Hardlines & Softlines colleagues in Germany were invited to take part in a step challenge from July 6 to 19. More than 30 colleagues amassed a total of almost five million steps by walking, cycling (converted into steps) and taking part in other sporting activities, totalling 3,485km. For this, the colleagues contributed an average of 10,943 steps per day.

The goal of the competition was to cover enough steps and thus kilometres each day, individually and as a group, to figuratively visit the sites of a total of three Intertek partner laboratories in stages. The destinations were not chosen at random but represented the top three intercompany customers of Hardlines & Softlines Germany: additionally, with an extra 855km collected, the team even covered enough steps for the one-way distance to Hardlines & Softlines in Heudebouville, France.

Holger Breins, General Manager DACH, Hardlines & Softlines, was delighted with the great performance of the participating colleagues who joined him in the campaign. "It's exciting to achieve and exceed a challenging goal with fellow campaigners. With the daily goal and the total distance always in mind, the challenge motivated everyone to (even) more physical activity in everyday life. Combined with lectures and preventive check-ups, our annual program always focuses on wellbeing, this time the importance and positive effect of physical exercise."

In October, a live webinar took place for all our UK colleagues: A conversation for everyone: Menopause. This webinar was for all, because at some point we will all directly or indirectly live with, work with, or socialise with someone going through menopause. Lauren Chiren, founder and CEO of Women of a Certain Stage, is passionate about normalising menopause at work. This webinar was an opportunity to learn from Lauren, and to ask questions about how we can recognise menopause as a workplace topic, support our colleagues and demystify this important subject.

World Kindness Day is celebrated in November and has now evolved into a week-long recognition. Kindness can mean different things to different people. The essence of Kindness is in how we choose to show it. Be it through empathy, acceptance, kind gestures, thoughtfulness, the possibilities are entirely up to us. To celebrate this empathy and thoughtfulness, the South Asia team celebrated Kindness Week through a series of initiatives across all locations and offices from 9 to 14 November. The week started with a fitness challenge on 9 November to do the highest number of push ups and surya namaskar, the longest plank and a plethora of other friendly tests of physical fitness!

This was followed the next day with a session on 'Gratitude'. Through the day, team members shared appreciation cards for 'Moments of Kindness' that they had experienced with colleagues. This was followed by a webinar, and then by a Kindness themed BINGO where everyone practised a moment of kindness and empathy and struck off all that they had done on the Kindness BINGO card.

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.

> To support our colleagues' health and wellbeing, we have arranged this small appreciation token, the Kindness Gift box for you to celebrate this festive season with caution, care and responsibility."

Yip Yew Joe
Country Managing Director, Intertek Thailand

> It's exciting to achieve and exceed a challenging goal with fellow campaigners. With the daily goal and the total distance always in mind, the challenge motivated everyone to (even) more physical activity in everyday life."

Holger Breins
General Manager DACH, Hardlines & Softlines

Workforce engagement Continued

Ongoing communication

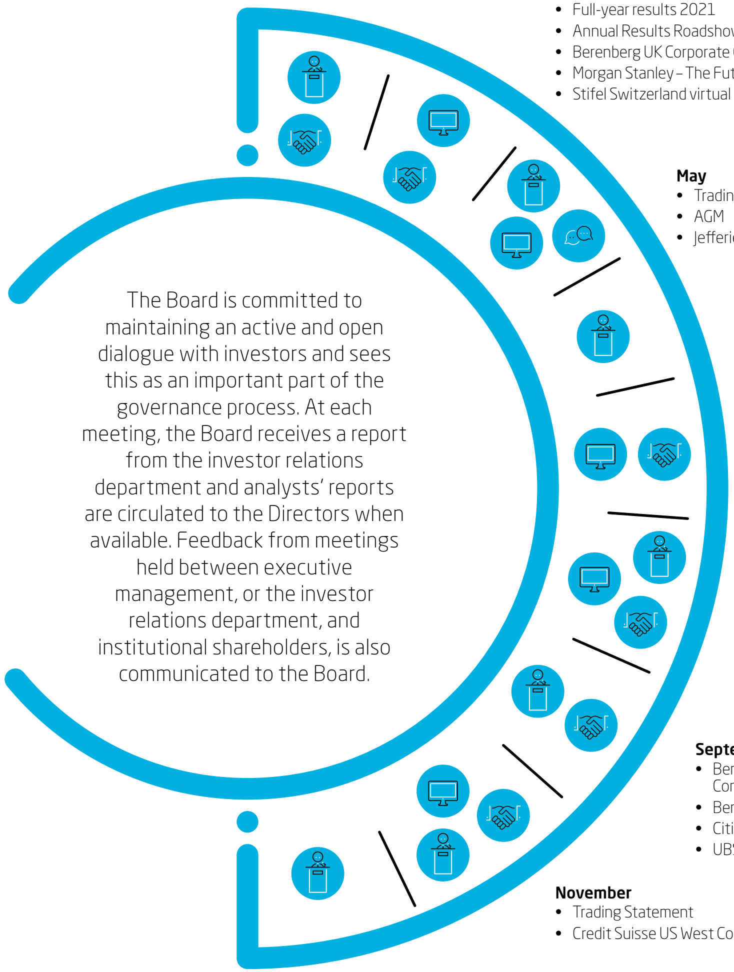
This year has been a year full of ups and downs, with the ongoing Covid-19 pandemic impacting the business in Shanghai, China for the first half of the year and other challenges as we navigated through the rest of 2022. In spite of these circumstances, our colleagues continue to be nothing less than extraordinary. An important part of engagement is to ensure that there is ongoing communication with our colleagues throughout the business about Intertek. WhatsIn, our global communication platform, features a mobile app and desktop intranet to help connect with 43,500+ colleagues around the world and keeps everyone updated with the latest news across the world. The WhatsIn mobile app – made by Intertek for Intertek people – puts Intertek news, contacts and ATIC services at our fingertips – especially useful for our colleagues 'on the go', on client sites or in remote locations. Everyone can comment on articles and even share their own news, either in a group chat or voice message or via the 'share your story' link.

André Lacroix, our CEO, also presented global webcasts on the full-year results, the publication of the 2021 Annual Report & Accounts and the half-year results together with updates on the May and November Trading Updates. There was also a global webcast Town Hall update from André Lacroix in October 2022. André sent a message to everyone in December wishing everyone a Happy Christmas and thanking them for their hard work in 2022.

During 2022, family days have taken place at our laboratories, so that their families also know more about Intertek and what we do as they form part of the larger Intertek family. Below is an example of a family day which took place this year.

In September 2022, a #BBEB Family Day was organised at Intertek LaCoMeD, our analysis laboratory located in Chalon-sur-Saône in France. The site welcomed 12 children of our employees, all aged between four and 11 years old, who began the day learning about their parents' working environment through a guided tour of the offices. Following the tour, it was time for our apprentice chemists to experiment… an opportunity to let them discover the magic of chemistry! The children took part in different experiments, such as: from the mixture of two 'transparent' solutions we obtain a 'pink' solution, from the mixture of a 'yellow' solution and a 'transparent' solution we obtain a 'blue' or 'pink' solution and 'Air in all its states' – to offer an awareness of the different states of matter (liquid—gas—solid). After the experiments, it was time for our budding chemists to rest and enjoy a well-deserved snack. The kids were presented with colouring books and #BBEB goodies as a souvenir of this fun day!

Investor and shareholder engagement



The Board is committed to maintaining an active and open dialogue with investors and sees this as an important part of the governance process. At each meeting, the Board receives a report from the investor relations department and analysts' reports are circulated to the Directors when available. Feedback from meetings held between executive management, or the investor relations department, and institutional shareholders, is also communicated to the Board.

January
- Bank of America, C-Suite SMID Cap Conference 2022
- ODDO BHF Forum
- Redburn US Roadshow (virtual)

March
- Full-year results 2021
- Annual Results Roadshow
- Berenberg UK Corporate Conference 2022
- Morgan Stanley – The Future of Food Conference (virtual)
- Stifel Switzerland virtual Roadshow

May
- Trading Statement
- AGM
- Jefferies Structural Winners Virtual Conference

June
- Bank of America Luxembourg Roadshow
- Barclays Testing, Inspection & Certification ('TIC') Conference 2022
- Berenberg US Roadshow (virtual)
- Berenberg Non-Holder Roadshow (virtual)
- Kepler Cheuvreux ESG Conference (virtual)
- Kepler Cheuvreux One Stop Shop Dublin 2022
- Stifel Italy and Switzerland Roadshow

July and August
- Half-year results 2022
- Half-year Results Roadshow
- Citi Frankfurt Roadshow
- Danske Bank Nordic Roadshow

September
- Berenberg Testing, Inspection & Certification Conference 2022
- Bernstein Strategic Decisions Conference 2022
- Citi's Growth Conference 2022
- UBS Business, Leisure and Transport Conference 2022

November
- Trading Statement
- Credit Suisse US West Coast Roadshow

December
- Berenberg European Corporate Conference London
- Credit Suisse US – Canada Roadshow
- Numis Paneuropean Conference (New York)

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 more than 50% 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 2022, the Chair held four meetings with shareholders and there was an increased focus in the meetings on the business post the pandemic and the opportunities for Intertek in sustainability with fewer questions relating to corporate governance than last year. The feedback received was positive, and the shareholders continue to be very supportive of Intertek's strategy, the management and the Board. The feedback was presented and discussed with the Board at the May Board meeting.

In 2022, there was also further engagement with shareholders on the introduction of an ESG target for the 2022 annual incentive following feedback from shareholders during the shareholder consultation in 2021. Intertek's largest shareholders, representing more than 70% of the share register, were contacted and any questions answered. Three meetings were held with the Chair of the Remuneration Committee, EVP, Human Resources and the Group Company Secretary. The feedback was presented and discussed at the May Remuneration Committee meeting and then at the Board meeting. See Book one, page 62 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.

Roadshows

Following the full-year and half-year results announcements, the Executive Directors and Investor Relations team held meetings with the principal shareholders.

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 2023 AGM is currently scheduled to be held on Wednesday, 24 May 2023 at 9.00 a.m. in the Marlborough Theatre, No. 11 Cavendish Square, London, W1G 0AN. 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.

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 with 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.

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.

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.

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.

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.

Division of responsibilities Continued

Independence

On appointment as Chairman of the Company, 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 Jez Maiden and Kawal Preet were independent in accordance with the Code upon their appointment to the Board during 2022.

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 67.

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 make 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 2022, approval was given to Tamara Ingram for a new external appointment.

Prior to joining the Board, Jez Maiden and Kawal Preet disclosed their current commitments and the time commitment involved. The Board was satisfied that Jez and Kawal could provide sufficient time to discharge their duties as Directors of Intertek (see their biographies on page 42). As demonstrated in the Board meeting attendance table, all Directors who were eligible to attend scheduled meetings attended every such meeting. Jez Maiden also spent additional time during 2022 for his induction into the business and more information on this is on page 65 in the Induction, training and development section. As Kawal only joined at the end of 2022, her induction will take place in early 2023.

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 2022, there were no additional Board meetings held whereas in 2021 there were two additional Board meetings 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.

100% attendance from all Board members

Board members and attendance

Board meeting attendance during the year to 31 December 2022

Board members	Scheduled meetings eligible to attend	Meetings attended
Andrew Martin Chairman	5	5
André Lacroix Chief Executive Officer	5	5
Jonathan Timmis Chief Financial Officer	5	5
Graham Allan Senior Independent Non-Executive Director	5	5
Gurnek Bains Non-Executive Director	5	5
Lynda Clarizio Non-Executive Director	5	5
Tamara Ingram Non-Executive Director	5	5
Jez Maiden (appointed 26 May 2022)	3	3
Kawal Preet (appointed 31 December 2022)	0	0
Gill Rider Non-Executive Director	5	5
Jean-Michel Valette Non-Executive Director	5	5

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 67 to 70.

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, Jez Maiden received a wealth of background information on the Company and details of Board procedures, Directors' responsibilities, various governance-related issues and strategic 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 success of visiting sites virtually during the ongoing pandemic, a comprehensive programme of virtual visits to our operations was put in place but now also includes visits in person to laboratories. This enables our new Directors to meet senior management across the Group and our colleagues working in the labs in China, Italy, Dubai, Germany, Singapore, Turkey, the US and the UK, and is more time and cost effective. The feedback from Jez Maiden was that this was one of the most professional and comprehensive induction programmes that he had received which gave a great insight into the business, operations and people. This process will continue to be kept under review in light of 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.

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.

As planned, and recommended by the Code, the 2021 external evaluation process was led by the Chairman, supported by the Group Company Secretary and facilitated by an independent third party, Equity Culture. 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 considered the Board composition, diversity and how effectively members worked together to achieve objectives, 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.

The key findings of the 2021 external evaluation report were 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 the Leadership Team, followed by an around the world tour of Intertek which included two-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.

Composition, Succession and Evaluation Continued

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 features 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.

The 2022 Board internal evaluation process was led by Andrew Martin, 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.

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 2022 Board evaluation, the findings from the internal review continued to be positive with strong scores in each of the four categories that were evaluated. All Directors agreed that the Board is open and collegiate and has a positive dynamic and feel. The materials presented to the Board are of a very high quality and highly informative. Given the quality of papers is so good, there is a desire to continue to allocate as much time as possible for discussion as part of the meeting agenda.

It was understood that the opportunity to get a good sense of the 'touch and feel' of the operations and culture had been a little more difficult during the pandemic, given the inability to go and visit any of the operations around the world. Everyone fed back that the visit to India had worked extremely well, and it had been very positive to once again meet colleagues in person. With respect to talent mapping and succession, the Board had very much appreciated the increase in the number of senior management presenting to the Board during the year and noted that it would be helpful for the Board to continue to have regular updates from the Regional Executive Vice Presidents and Global Business Line leaders during the year.

An internally facilitated evaluation will also be held for 2023.

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 2022. 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 election or re-election to the Board at the 2023 AGM.

Group Company Secretary support

The role and responsibilities of the Group Company Secretary are outlined on page 63.

Nomination Committee report

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

Dear shareholder,
On behalf of the Nomination Committee ('Committee'), I am pleased, as Chair, to present the Committee's report for the year ended 31 December 2022 which outlines the work of the Committee during the year.

During the year, the Committee continued 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. It is 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 stakeholders' expectations in a post Covid-19 world in terms of quality, safety and sustainability are higher, making the case for our Risk Based Quality Assurance solutions stronger.

A priority is Executive and Non-Executive Director succession planning. 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 Committee continues to demonstrate its ability to successfully identify the key characteristics required on the Board and in May 2022, Jez Maiden was appointed to the Board as a Non-Executive Director. Jez is an experienced international public company CFO with a strong track record, who has worked in a diverse range of industries and sectors, primarily manufacturing, service and finance across all geographies. He is also an experienced Non-Executive Director. His significant experience across different industries will provide a strong addition to the current skills on the Intertek Board.

In April 2022, the Financial Conduct Authority issued the 'Diversity and inclusion on company boards and executive management' Policy Statement which the Committee reviewed and discussed in May 2022. We also looked at the guidance and voting policies of other stakeholders on diversity as well as reviewing the Board composition of similar sized companies. Following this review and considering the views of stakeholders, we agreed further steps to address our diversity agenda and as such Kawal Preet was appointed to the Board as a Non-Executive Director on 31 December 2022. Kawal is a highly experienced executive who is currently President Asia Pacific, Middle East and Africa for FedEx Express and brings extensive knowledge of the Asia region to the Board as well as additional skill sets in other fast moving industries.

These exciting steps form part of the Intertek Board evolution and will ensure that Intertek is best placed to take advantage of the great opportunities which come with having in place a diverse range of individuals with the right skills around the Board table representing the diverse nature of the Intertek Group itself.

Graham Allan, as the Senior Independent Non-Executive Director, recommended my reappointment as Chair and a Director of the Board. I am delighted to report that I was reappointed for a third term of three years with effect from 26 May 2022. We also welcomed Tamara Ingram as a member of the Committee with effect from 1 June 2022 to add further insights and expertise on the Committee.

During the last few 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 uncertain 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 four 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 2022

Committee members	Scheduled meetings eligible to attend	Meetings attended
Andrew Martin (Chair)	4	4
Graham Allan	4	4
Gurnek Bains	4	4
Tamara Ingram (appointed 1 June 2022)	2	2

100% attendance

Role and key responsibilities of the Committee

- Review the structure, size and composition of the Board and its Committees.
- Identify, review and nominate a diverse pipeline of candidates to fill Board vacancies[1].
- Evaluate the balance of skills, independence, knowledge, experience and diversity on the Board and its Committees.
- Review the results of the performance evaluation process that relates to the composition of the Board and its Committees.
- Review the time commitment required from Non-Executive Directors.
- Review succession plans regularly.

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

The full Terms of Reference of the Committee, which are reviewed annually, 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 Chair 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.

In 2021 and in 2022, as part of our succession planning, the Committee initiated searches for new Non-Executive Directors. 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 candidates 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. For both searches, 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 Jez Maiden, who was appointed to the Board on 26 May 2022, and then subsequently the appointment of Kawal Preet, who was appointed to the Board on 31 December 2022.

As a consequence of the Board changes previously discussed, there were a number of changes to the composition of the Committees of the Board. With effect from 26 May 2022, Jez Maiden was appointed as a member of the Audit Committee and Tamara Ingram was appointed as a member of the Nomination Committee on 1 June 2022.

Board reappointments

Having come to the end of his second three-year term as Non-Executive Director on our Board on 26 May 2022, Andrew Martin's appointment was reviewed. Following this review, the Board was happy to reappoint Andrew for a final three-year term, until 26 May 2025.

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 the Directors are available on pages 40 to 42, and a resolution for each Director will be proposed at the forthcoming AGM for their election or 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 65 to 66. 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 2021 and 2022 are outlined on pages 65 to 66 and the feedback from the Board evaluation is considered 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.

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, reviews the diversity, as well as talent mapping across the Group in respect to Regional, Country and functional roles.

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 43.

Our policy on Board gender diversity, which is available on our website at intertek.com, strongly supports the principle of diversity and continues to be mindful of the recommendations of the FTSE Women Leaders Review and the Parker Review 'Beyond One by 21', which recommended that FTSE 100 Company Boards should have at least one ethnically diverse Director by 2021.

As of 31 December 2022, we had four female Non-Executive Directors representing 36% female membership and two ethnically diverse Directors on the Board and so met the requirements of the Parker Review.

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, and cognitive and personal strengths of the current Board. When considering these factors, the Committee is mindful of attributes that will assist in the delivery of the Group strategy.

Creating the brief
The Committee, following the skills and composition review, compiles a brief for the role 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.

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 of 31 December 2022, as per the definition in the Code, the senior management gender balance was 17 male and three female and their direct reports were 197 male and 53 female. Further details regarding gender balance across the Group are outlined on page 13 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 of 31 December 2022

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	✓	✓	✓	✓	✓	✓	✓		✓		✓
André Lacroix		✓	✓	✓	✓	✓	✓		✓	✓	✓
Jonathan Timmis		✓			✓	✓	✓	✓	✓		
Graham Allan	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Gurnek Bains	✓	✓	✓	✓		✓	✓		✓	✓	✓
Lynda Clarizio		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tamara Ingram		✓	✓		✓	✓	✓	✓	✓	✓	✓
Jez Maiden[1]	✓	✓		✓	✓	✓	✓	✓	✓		✓
Kawal Preet[2]		✓	✓	✓	✓	✓	✓				
Gill Rider	✓	✓	✓	✓		✓	✓		✓	✓	✓
Jean-Michel Valette	✓	✓	✓		✓	✓	✓		✓	✓	✓

1. Appointed 26 May 2022.
2. Appointed 31 December 2022.

In the FTSE Women Leaders Review published in 2022, Intertek is ranked:

72/98

FTSE 100 rankings for Women on Boards and in Leadership

Ranked

34/48

in the Industrial Goods & Services sector across the FTSE 350

Board composition and diversity as of 31 December 2022

Board balance by gender

Male	64%
Female	36%

Board balance by independence

Executive Directors	18%
Independent Non-Executive Directors	82%

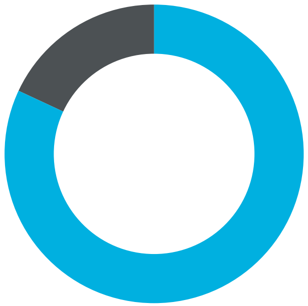
Board tenure

0-3 years	46%
3-6 years	27%
6-9 years	27%

Geographical heritage

Europe	55%
North America	18%
Australasia	9%
South East Asia	18%

Board ethnicity



White	82%
Asian	18%

Audit Committee report

We were delighted to welcome Jez Maiden as a member of the Committee on 26 May 2022. He is an experienced international public company CFO with a strong track record, who has worked in a diverse range of industries and sectors, primarily manufacturing, service and finance across all geographies and has brought invaluable skills and insights to the Committee table."

Dear shareholder,
On behalf of the Audit Committee ('Committee'), I am pleased, as Chair, to present the Committee's report for the year ended 31 December 2022, which outlines the work of the Committee during the year.

This report aims to summarise 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.

During 2022, 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 the framework of internal financial controls, together with the additional work carried out to support the long-term viability statement. Intertek's business model remains resilient, but like other companies operating during these challenging times, we continue to closely monitor the financial results of the Group.

The Committee has also continued to monitor the heightened scrutiny on the external reporting of ESG and, more specifically, sustainability and the effects of climate change on companies. As part of the Task Force on Climate-related Financial Disclosures compliance, we have reviewed and approved management's assessment of the physical and transitional environmental risks and opportunities to the Group.

We advised the Board that we had reviewed the process to ensure the 2022 Annual Report & Accounts are fair, balanced and understandable and provides the necessary information for our shareholders and all stakeholders to assess the Group's position, performance, business model and strategy. The process of review is described in greater detail on page 75.

PricewaterhouseCoopers LLP ('PwC') completed their seventh full audit of the Group for the year ended 31 December 2022. During the year, the Committee reviewed and agreed the independence and effectiveness of the audit process in establishing positive relationships and providing a good level of service to the Group, 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, and I also held separate meetings, on behalf of the Committee, with senior management within Intertek and with PwC on a regular basis.

During 2022, we were delighted to welcome Jez Maiden as a member of the Committee on 26 May 2022. He is an experienced international public company CFO with a strong track record, who has worked in a diverse range of industries and sectors, primarily manufacturing, service and finance across all geographies and has brought invaluable skills and insights to the Committee table.

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

As Chair of the Committee, I shall 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.

Jean-Michel Valette
Chair of the Audit Committee

Audit Committee report Continued

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, Jez and Lynda collectively possess the qualities which, when complemented by Jez's current CFO position for Croda International Plc and 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. The Committee's collective experience in the roles of Chief Executive Officer and Chief Financial 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 2022, the composition of the Committee met the requirements of the Code. Jez Maiden joined the Committee on 26 May 2022.

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 40 to 42 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 following table.

Committee meeting attendance during the year to 31 December 2022

Committee members	Scheduled meetings eligible to attend	Meetings attended
Jean-Michel Valette (Chair)	4	4
Lynda Clarizio	4	4
Jez Maiden (appointed 26 May 2022)	2	2
Gill Rider	4	4

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 this was a well run and supported Committee with very good quality meeting materials. It was noted that there is a good balance of current financial knowledge and knowledgeable and inquisitive Committee members with a broad range of experience. It was highlighted that it would be helpful if Internal Audit reflected and reported on trends/bigger picture conclusions. 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 terms of reference are reviewed annually. 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 2022.

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 2023 and 2024, 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 2024.

The undrawn headroom on the Group's committed borrowing facilities at 31 December 2022 was £707.3m (2021: £564.2m). The maturity of our borrowing facilities is disclosed in note 14 of the financial statements in Book three with repayment of the Acquisition facilities of £130m and US$160m of senior notes required by 31 December 2023. The Group Treasury funding projections forecast these to be repaid using existing facilities following the issuance of £640m of senior notes issued in 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 in Book three, page 7) and has approved the long-term viability statement as set out in Book one, pages 43 and 44.

Audit Committee report Continued

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 Intertek locations both in person and virtually.

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.

Committee's activities during 2022

February	May	July	December
Management Highlights Memorandum for the year ended 31 December 2021	Intertek Assessment of PwC Effectiveness	Management Highlights Memorandum for the period ended 30 June 2022	Accounting update paper for the year ended 31 December 2022
Viability Statement	PwC Audit Plan and strategy for the year ended 31 December 2022	Going Concern assessment	Intercompany update
Going Concern assessment	PwC Full-year 2021 views on the control environment	PwC Interim review findings for the period ended 30 June 2022	Group Risk Process and Viability Statement basis of preparation for the year ended 31 December 2022
Climate Change/TCFD reporting	Internal Audit Report Q1 2022	Letter of Representation and Statement of Directors' Responsibilities for the period ended 30 June 2022	Core Mandatory Controls and Assurance Map update
Letter of Representation to PwC and Statement of Directors' Responsibilities for the year ended 31 December 2021	Private meeting without management with the Group Audit Director	Draft 2022 Half-Year Results	Non-audit fee update
PwC report to the Committee for the year ended 31 December 2021 and independence confirmation		Internal Audit Q2 2022 update, draft 2023 audit plan and organisation update	PwC pre-year-end accounting and controls update
Draft 2021 Full-Year Results		Private meetings without management with (i) PwC and then (ii) the CFO	Internal Assessment of Internal Audit effectiveness
Policy for engagement of External Auditors, spend for 2021 and pre-approval of non-audit activities for the year ended 31 December 2022			Internal Audit Report H2 2022
Internal Audit Report Q4 2021			Internal Audit Plan for 2023 and Internal Audit Charter
2022 Rolling Committee Agenda			Private meetings without management with Group Audit Director
2021 Evaluation of the Committee			
Committee Terms of Reference			
Private meetings without management with (i) PwC and then (ii) the CFO			

Audit Committee report Continued

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 below:

1. PwC presents to the Committee its approach to safeguarding and maintaining the quality and independence of their audit of the Group and their auditors, including addressing any risks they face in maintaining audit quality across their network. This is an extensive report covering all aspects of the audit from the scope of work, reporting the outcomes of findings, the key audit matters, fraud and investigations, intercompany transactions, treasury, key risks, going concern and the 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 2021 audit, the Chair was informed that the Supervision Committee of the Financial Reporting Council ('FRC') had chosen to undertake a thematic review of Intertek's judgements and estimates in the 2021 Annual Report & Accounts. The review stated that there were no questions or queries raised, noting that the FRC's role is not to verify the information provided but to consider compliance with the reporting requirements.

2. The views of management and the Directors on PwC's service, level of challenge, and application of professional judgement are obtained via a questionnaire, and subsequent follow up as necessary. The feedback is then presented to the Committee.

3. The key findings and recommendations from both processes, together with any form of appropriate external evaluation 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 score compared with the prior year for one of the three sub-categories, namely reporting. 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, in line with prior year.

Overall, the audit went smoothly particularly given the continuing challenge of performing the audit remotely in many locations. Indeed, several respondents commented that there were efficiencies gained from this approach at Group-level with meetings becoming more targeted and focused. There is a good collaborative approach ensuring year-round communication and engagement with opportunity to better integrate Tax, IT and other workstreams. The audit findings and the areas to improve were discussed at the May 2022 Committee meeting and PwC effectively addressed questions and challenges provided by Committee members.

The Committee concluded, at the meeting held in May 2022, 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 2022 audit of the Group will be reviewed by the Committee in May 2023.

Audit and non-audit fees

The Terms of Reference of the Committee include ensuring the continued independence and objectivity of the Group's external auditors. This is achieved through:

- the annual approval of the policy for the engagement of external auditors for audit and non-audit services;
- setting limits for non-audit spend for the external auditors;
- an annual review of the Group Auditor's performance in conducting the external audit (presented at the May 2022 Audit Committee meeting);
- a five-year maximum tenure period for the external audit partner; and
- where appropriate, audit tendering and rotation.

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 compromise the external auditor's independence and objectivity. The policy outlines in detail the services that the external auditor cannot provide including tax services and 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. The Committee reviewed the policy in 2022 and no major changes were made. PwC also provides an update on the spend for non-audit services twice a year. For 2022, the Committee pre-approved a total non-audit spend of £234,000 (2021: £250,000).

As per the policy, all non-audit services must 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 2022, this process operated effectively.

A summary of the fees paid for non-audit services is set out on the next page. 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 in Book three, page 12.

Audit Committee report Continued

Audit fee breakdown for services provided by PwC in 2022

	2022 £m	2021 £m
Total non-audit fees	**0.2**	0.1
– audit-related services	**0.2**	0.1
– tax services	**-**	–
– other non-audit services	**-**	–
Audit fee	**5.9**	4.7
% of audit fee	**3%**	2%

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 Core Mandatory Controls ('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 extending into 2022, the Internal Audit team had completed one more report than had been issued in 2021. 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 role could evolve and expand in the future. Given dislocations due to Covid-19, the next review of effectiveness will be in 2023.

In 2022, 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 2023 audit plan which is determined using a risk assessment of the existing methodology and audit frequency standards taking into account the results of 2022 audit activity.
- 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 improvement.
- Reviewed the financial CMCs trend data from 2018 to 2022. The Committee has noted a steady improvement in audit scores over the period since the introduction of the CMCs framework.
- Monitored management progress on addressing open 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 states 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 process for determining whether, when taken as a whole, the 2022 Annual Report & Accounts meets the standard prescribed.

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 regarding 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.

The Board determined that the 2022 Annual Report & Accounts, when taken as a whole, provides a fair, balanced and understandable assessment of the Group's position and prospects, whilst simultaneously providing shareholders with the necessary information to facilitate their assessment of the Group's position, performance, business model and strategy.

Audit Committee report Continued

Internal control and risk management systems

The Board ultimately reviews the Group's risks, controls and compliance and mitigation actions. The Committee is responsible for reviewing the adequacy and effectiveness of that risk framework. We have an integrated approach to getting assurance that our risks are being appropriately and effectively identified and addressed. Further information on how Intertek has implemented an end-to-end integrated approach to risk, control and compliance is outlined on page 50.

'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 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 2022 internal audit review process, remediation plans have been put in place. For 2023, the effectiveness of the process was reviewed and there were additional controls introduced to address the areas for improvement identified in 2022.

The new controls for 2023 relate to the collection and reporting of GHG, commuting, net zero and other environmental/sustainability data. Training on the financial CMCs is mandatory for all finance team members, with certification for successful completion of scenario-based test questions. The training is available in multiple languages.

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 with 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 2023.

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. 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 2022, and up to the date on which these financial statements were approved. No significant failings or weaknesses were identified.

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.

The whistleblowing hotline is well-publicised and 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. Further information on the whistleblowing hotline can be found on page 50.

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

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:

Audit Committee report Continued

Area of Judgement	Committee comment
Claims	From time to time, the Group is involved in various claims and lawsuits incidental to the ordinary course of business. The Committee considered the claims provision which reflects the estimates of amounts payable in connection with identified claims from customers, former employees and others. The Committee noted that once claims have been notified, the finance teams liaise with the business to determine whether a provision is required, based on IAS 37 *Provisions, Contingent liabilities and Contingent assets* ('IAS 37'). The level of provision is subsequently reviewed on a regular basis with the Group General Counsel, taking into account the advice of external legal counsel. The Committee, following assurance from management and review of the position by the external auditors, considered and agreed that the claims provision, and associated disclosures, were appropriate given the size and status of claims reported.
Taxation	The determination of profits subject to tax is calculated according to complex laws and regulations, the interpretation and application of which can be uncertain. In addition, deferred tax assets and liabilities require judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income. The main areas of judgement in the Group tax calculation are the expected central tax provisions for the full year, including provisions related to transfer pricing risk, and the recognition of the UK deferred tax asset. Twice a year, the Committee receives a report from management providing an evaluation of existing risks and tax provisions which is reviewed by the Committee. The Committee also considered reports presented by the external auditors before determining that the levels of tax provisioning were appropriate.
Revenue Recognition	IFRS 15 *Revenue from Contracts with Customers* requires an entity to recognise revenue in a way that shows the transfer of goods/services promised to customers is an amount that reflects the expected consideration in return for transferring control of those goods or services to the customer. The Committee reviewed the work completed regarding revenue and, taking into account the views of the external auditors, agreed that the treatment was appropriate.
Acquisitions and fair value accounting	The Committee was advised of the approach taken to the acquisition made in 2022 where the related fair value was recognised on a provisional basis. Such provisional amount is subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Details of the acquisition in 2022 are set out in note 10 in Book three, page 21. The Committee, following assurance from management and review of the position by the external auditors, was satisfied that the treatment was appropriate.
Impairment of Goodwill and other acquired intangible assets	The Group is required to make judgements to estimate the fair value of assets and liabilities acquired; in particular, the amounts attributed to intangible assets such as titles, brands, acquired customer lists and associated customer relationships. These judgements impact the amount of goodwill recognised on acquisitions. As outlined in note 9 the Group has £1,418.4m of Goodwill which has arisen on acquisitions. An impairment assessment is required at least annually in respect of this amount. The Committee noted the update as at the year-end and, taking into account the acquisition made during the year, and after seeking views from the external auditors, agreed the disclosure in note 9 in Book three, pages 18 to 21.
Accounts receivable and accrued income	The Group takes a prudent approach to provisioning of accounts receivable and accrued income balances in line with IFRS 9 *Financial Instruments*. The Committee noted the update as at the year-end and, considering the views of the external auditors, agreed that the Group's provision was appropriate.
Consideration of Climate Change	Mandatory TCFD reporting for premium listed entities has driven significant momentum regarding climate change related disclosures. The Group has set out its consideration of climate change in respect of an impact on the financial reporting judgements and estimates arising from our assessment of climate change on the Group as a whole. The Committee reviewed the approach taken to consider the impact of climate change and the disclosures in Book one, pages 49 to 57 and taking into account the feedback from the external auditors agreed the approach taken and the related disclosures.
Pensions	The Group operates a number of post-employment plans. In most locations, these are defined contribution arrangements. However, there are material defined benefit schemes in the United Kingdom and Switzerland. Having considered advice from external actuaries and assumptions used by companies with comparator plans, the Committee agreed that the assumptions used to calculate the income statement and balance sheet assets and liabilities for post-employment plans were appropriate (see note 16 in Book three, page 33).

Following reviews and discussions throughout the year of all the relevant papers presented and after considered discussion with management and the external auditors, 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

2022 was more challenging than expected. The Board is confident that our Remuneration Policy and rewards reflect the performance of the Company for all stakeholders in a fair and consistent manner."

Dear shareholder,
I am delighted to present our Remuneration Report for the year ended 31 December 2022.

Business context
2022 was more challenging than expected with the global economy being impacted by the compounding effect of three consecutive shocks: a global pandemic in 2020, a major disruption of the world's supply chains in 2021 and the return of inflation in 2022.

Despite this challenging backdrop, we saw higher demand for our industry-leading ATIC solutions enabling us to deliver strong like-for-like revenue growth and our acquisitions of JLA, SAI and CEA performed well. We continue to provide sustainable returns for our shareholders and believe we are well positioned to benefit from the growth acceleration in our end-markets. The key highlights of our 2022 performance are:

- Revenue of £3,192.9m; +8.2% at constant rates; +14.6% at actual rates
- LFL revenue growth of 4.9% at constant rates
- Adjusted operating profit of £520.1m, up 3.8% at constant rates and up 9.7% at actual rates
- Robust adjusted operating margin of 16.3%, (70bps) year-on-year at constant rates and (70bps) at actual rates
- Adjusted diluted EPS of 211.1p: up 4.6% at constant rates and up 10.6% at actual rates
- Good cash conversion of 124% delivers adjusted cash flow from operations of £722m, up £26m on 2021
- Strong balance sheet with 1.1x net debt to EBITDA; weighted average interest rate of 2.7%
- ROIC of 18.0%, up year-on-year by 20bps at constant rates and down 20bps at actual rates
- Sustainable returns to shareholders with full year dividend of 105.8p in line with 2019, 2020, 2021

Pay for performance in 2022
In keeping with our Group's Core Purpose of "Bringing Quality, Safety and Sustainability to life", and following discussions with our shareholders, we introduced an ESG element into the annual incentive framework with a view to further focus the organisation on our priorities and performance in this area. The annual incentive for 2022 was therefore based on: 70% matrix of Revenue and Adjusted Operating Profit Growth, 15% ROIC and 15% Carbon Emissions.

Notwithstanding the strong performance delivered in the year, demonstrated by 4.9% like for like revenue growth at constant rates, 3.8% adjusted operating profit growth at constant rates and robust adjusted operating margin of 16.3%, based on our performance against stretching targets set at the start of the financial year, the Committee approved an annual incentive result of 20.58% of maximum. This was largely as a result of the zero pay-out under the Revenue and Adjusted Operating Profit Matrix which accounts for 70% of the total annual incentive award. Despite our robust revenue performance, operating profit performance was slightly below 2022 budget, which meant zero pay-out under this element. Any pay-out under this element of the award is only achieved if both revenue and operating profit meet the stretching targets set. 50% of the annual incentive award will be deferred into shares for three-years. The majority of our employees have an annual incentive award that is linked to the same metrics that we use throughout the business.

Our 2020 long-term incentive award was based on three equally weighted metrics; Earnings Per Share, Adjusted Free Cash Flow and Return on Invested Capital, aligned with the Group's 5x5 differentiated strategy for sustainable growth. Over the longer term, the three-year performance of the Group has delivered EPS CAGR growth of 1.4%, Adjusted Free Cash Flow of £1,296.4m and Return on Invested Capital of 24.3%. This has resulted in a pay-out under the 2020 long-term incentive award of 66.67% of maximum.

Remuneration Committee report Continued

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:

- The progress delivered by the leadership team on pricing, productivity and cash initiatives to deliver strong returns;
- Overall share price performance in the year and the implementation of our progressive dividend policy, which rewarded our shareholders with a £170.6m pay-out for the full year 2022 dividend;
- The strategic actions taken by the leadership team to position the Group to seize the attractive organic and inorganic growth opportunities ahead; 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.

Wider workforce

Across the Group, our employees have shown commitment, innovation, agility and passion to give Intertek a unique advantage in our industry. We truly value our people, and our focus on their health, safety and well-being is critical to our continued success. Intertek is compliant with minimum wage and mandatory social contributions requirements in all jurisdictions where we operate, and, given the geographic spread of the Group's operations, employee reward is managed at local level to enable local management to deliver the right customer and employee experience. In recent years, the Group has put into place a number of programmes to support our employees, including our 'Kindness' global wellbeing programme and our refreshed Employee Safety and Wellbeing Policy. It is our people's unwavering commitment to our customers that has driven Intertek's performance throughout the pandemic and through this economically turbulent period, and we will continue to support them through these challenging times.

With regards to salary budgets, we are acutely aware of the challenges our employees are facing with the current inflationary environment across the world. In making salary budget decisions, the Group balanced the challenges our employees are facing with the wider approach to cost discipline. The overall salary budget for the Group was therefore set with the focus being on providing the largest increases to those on the lowest incomes. Across the UK, the salary budget has been agreed at 2.0%, with the UK representing c.5% of Intertek's employee population.

Implementation of our Remuneration Policy in 2023

The Committee continues to believe that our Remuneration Policy is working well and achieving our business objectives and no major changes are proposed to the implementation of our Policy for 2023. Our Remuneration Policy is delivered consistently at all levels of the wider workforce and the alignment of performance metrics throughout the organisation is one of the key aspects of our Policy.

With regard to salary, the Committee has awarded the CEO and CFO a 2.0% salary increase in line with the wider UK workforce increase of 2.0%.

There will be no change to the CFO's pension contribution of 5% of salary. As reported last year, the CEO's pension contribution will continue to reduce by 5% each year over the next two years until it is in line with the wider UK workforce and the CEO's pension contribution will reduce to 15% with effect from 1 June 2023.

The maximum annual incentive opportunity will remain at 200% of salary for the CEO and CFO, in line with the Policy. The annual incentive will continue to be based 85% on financial metrics and 15% on ESG, with no proposed change to the annual incentive measures which the Committee believes continue to align with our strategy and our Core Purpose.

Long-term incentive awards will be granted to the CEO and CFO in 2023, with no changes to the award sizes (CEO: 300% of salary; CFO: 200% of salary) or performance measures which continue to support the Group's 5x5 differentiated strategy for sustainable growth. Details of the underlying targets for the 2023 long-term incentive awards are set out on pages 89 to 90.

Alignment with strategy and purpose

Our Core Purpose of "Bringing Quality, Safety and Sustainability to life" continues to be central to everything we do. Across the organisation our people are excited by the opportunity we have to deliver our Purpose every day. Our Purpose is supported by our Values. 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 for 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.

Shareholder engagement

I would like to take this opportunity to thank our shareholders for their support for our Directors' Remuneration Report at our 2022 AGM. Shareholders and their representatives have engaged extensively with us in recent years as we have developed our approach to remuneration at Intertek and they have always provided valuable insight and feedback to the Remuneration Committee. The Board is confident that remuneration at Intertek continues to be 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 the normal three-year Policy cycle. The full Policy is set out in the 2020 Annual Report & Accounts which can be found at intertek.com/investors. Some sections of the Policy have been updated to reflect how it was applied in 2022 and our proposed implementation of the Policy in 2023.

In determining the Remuneration Policy, which was approved in 2021, 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, is aligned with the Company's strategy and is in the best interests of the Company and its stakeholders. It is directed to deliver continued sustainable profitable growth.

Our remuneration strategy is to:

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

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

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

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

Remuneration Committee report Continued

Remuneration Policy for Directors

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

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	To attract and retain high performing Executive Directors to lead the Group.	The Committee normally reviews salaries annually, taking account of factors including, but not limited to, the scale of responsibilities, the individual's experience and performance. Whilst the Committee takes benchmarking information into account, its decisions are based primarily on the performance of the individual concerned against the above factors to ensure that there is no unjustified upward ratchet in base salary.	There is no prescribed maximum salary or annual increase. In awarding any salary increases, the Committee is guided by the general increase for the employee population but on occasions may need to recognise other factors including, but not limited to, development in role, change in responsibility and/or variance to market levels of remuneration.	Individual performance is taken into account when salary levels are reviewed.
Benefits	To provide competitive benefits to ensure the wellbeing of employees.	Benefits include, but are not limited to, annual medicals, life assurance cover of up to six times base salary, allowances in lieu of a company car or other benefits, private medical insurance (for the individual and their dependants) and other benefits typically provided to senior executives. Executive Directors can participate in any all-employee share plans operated by the Company on the same basis as all other employees.	The total value of these benefits (excluding the all-employee plans) will not normally exceed 12% of salary. The maximum opportunity under any all-employee share plan is in line with all other employees and is as determined by the prevailing HMRC rules.	n/a
Pension	To provide competitive retirement benefits.	Executive Directors can elect to join the Company's defined contribution pension scheme, receive pension contributions into their personal pension plan or receive a cash sum in lieu of pension contributions.	For new Executive Directors pension provisions will be in line with those of the wider UK workforce (currently 5% of salary). For current Executive Directors – reducing from 30% of salary by 5% each year for five years until it is in line with the wider UK workforce (currently 5% of salary). In line with that commitment, it will reduce to 15% this year.	n/a

Remuneration Committee report Continued

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Incentive Plan ('AIP')	To drive the short-term strategy and recognise annual performance against targets which are based on business objectives.	Awards are based on Group annual performance targets, with performance targets normally set annually by the Board. Incentive outturns are normally assessed by the Committee at the year-end, taking into account performance against the targets and the underlying performance of the business. The payout at below threshold performance is 0% of maximum, with 25% of the maximum bonus normally payable for threshold performance. Payouts between threshold and maximum (100%) are determined on an annual basis. Details of the payout schedule will be disclosed in the relevant Directors' Remuneration report. Normally, 50% of any incentive is paid in cash and 50% deferred into shares which will vest after a period of three years subject to continued employment. Malus and clawback provisions apply.	The maximum opportunity in respect of a financial year is 200% of salary for each Executive Director. The Committee has the ability to adjust the performance measures if not appropriate in the context of overall performance. The Committee can adjust upwards the incentive outturn (up to the maximum set out above) to recognise very exceptional circumstances or to recognise circumstances that have occurred which were beyond the direct responsibility of the executive and the executive has managed and mitigated the impact of any loss.	The annual incentive will be measured against a range of key Group financial measures. The current intention is that none of the incentives will be subject to non-financial measures or personal performance measures. The Committee, however, retains the discretion to introduce such measures in the future, up to a maximum of 20% of the incentive. Were the Committee to introduce such measures, it would normally consult with the Company's largest institutional shareholders. For 2023, the annual incentive will be based on 70% matrix of revenue and adjusted operating profit growth, 15% ROIC and 15% ESG. The stretch targets, when met, reward exceptional achievement and contribution. There is no incentive payout if threshold targets are not met.
Long Term Incentive Plan ('LTIP')	To retain and reward Executive Directors for the delivery of long-term performance. To support the continuity of the leadership of the business. To provide long-term alignment of executives' interests with shareholders by linking rewards to Intertek's performance.	Annual grant of conditional shares which vest after three years, subject to Company performance and continued employment. Awards may be made in other forms (e.g. nil-cost options) if considered appropriate. The shares will also normally be subject to a two-year holding period after vesting. Performance targets are normally set annually for each three-year performance cycle by the Board. Vesting is normally assessed by the Committee after the end of the performance period, taking into account performance against the targets and the underlying performance of the business. The Committee has the ability to adjust incentive payments if it believes that out-turns are not appropriate in the context of overall performance. Malus and clawback provisions apply.	Up to 300% of salary in respect of any financial year.	LTIP awards are subject to an appropriate balance of earnings, cash and capital efficiency based performance measures. The Committee retains the discretion to introduce another performance metric, with a maximum weighting of up to one-third of the incentive. Were the Committee to introduce such measures, it would normally consult with the Company's largest institutional shareholders. For 2023, the LTIP award will be based on earnings per share, return on invested capital and adjusted free cash flow. Each measure will have an equal weighting. 25% of an award will vest for achieving threshold performance, increasing pro rata to full vesting for the achievement of stretch performance targets.

Remuneration Committee report Continued

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

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 2023 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 ensure 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 Share 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 2023 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).

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.

Remuneration Committee report Continued

Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules.

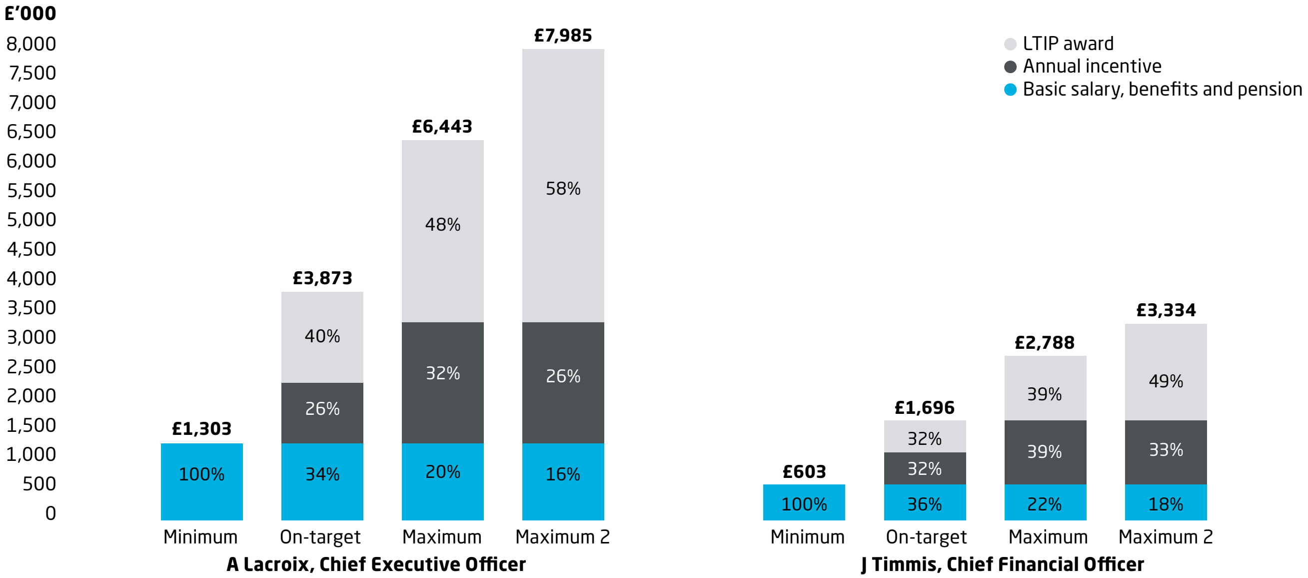
The default treatment under the 2021 LTIP, and previously under the 2011 LTIP, is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, injury, disability or other circumstances at the discretion of the Committee, 'good 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 2023.
2. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ended 31 December 2022.
3. The value of pension receivable by the CEO and CFO in 2023 is taken to be 15% 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 2022
Andrew Martin	26 May 2016 becoming Chair on 1 January 2021 Reappointed: 26 May 2022	One month/29 months
Graham Allan	1 October 2017 Reappointed: 1 October 2020	One month/nine months
Gurnek Bains	1 July 2017 Reappointed: 1 July 2020	One month/six months
Lynda Clarizio	1 March 2021	One month/14 months
Tamara Ingram	18 December 2020	One month/11 months
Jez Maiden	26 May 2022	One month/29 months
Kawal Preet	31 December 2022	One month/36 months
Gill Rider	1 July 2015 Reappointed: 1 July 2021	One month/18 months
Jean-Michel Valette	1 July 2017 Reappointed: 1 July 2020	One month/six 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. In April 2022, the Committee consulted with investors on our approach to Executive Director remuneration and further details on the engagement is outlined in the Chair of the Remuneration Committee's letter on pages 78 and 79.

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	4	4

100% attendance

The above members were members throughout 2022 and at all times 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
Determines 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 ensures that the Remuneration 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 Directors' 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 2023 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 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 2022. We considered a report on the general market trends that could impact the Group. Further information is provided in the letter from the Chair of the Committee on page 79.

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.

We regularly undertake a review of the Directors' Remuneration report to ensure compliance with Remuneration Reporting Regulations. We also discussed the 2022 proxy voting agencies' reports and their recommendations issued prior to the 2022 AGM.

Remuneration Committee report Continued

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 2022 annual incentive targets, performance measures and the EPS and TSR results to determine the percentage of incentive awards that would vest in 2022 which was nil.

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 2024. 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 2022, 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 £67,930 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
Total	133,295,982	82.59[1]
Withheld	2,431,490	

1. Percentage of total issued share capital voted.

At the 2022 AGM, a resolution was proposed to shareholders to approve the Directors' Remuneration report for the year ended 31 December 2021. This resolution received the following votes from shareholders:

	Votes	%
In favour	109,326,984	81.81
Against	24,311,895	18.19
Total	133,638,879	82.80[1]
Withheld	3,831,980	

1. Percentage of total issued share capital voted.

Remuneration Committee report Continued

Directors' Remuneration Policy – implementation in 2023

Elements	Implementation in 2023
Base salary	Base salary for 2023: • André Lacroix: £1,028,074. • Jonathan Timmis: £546,210. The UK workforce has been granted an average yearly salary increase of 2%.
Benefits	Includes, for example, annual medicals, life assurance cover of up to six times base salary, allowances in lieu of a company car or other benefits, private medical insurance and other benefits typically provided to senior executives. Executive Directors can participate in any all-employee share plans operated by the Company on the same basis as all other employees. Total value of benefits (excluding all-employee plans) will not exceed 12% of salary.
Pension	From 1 June 2023, 15% reducing by 5% each year until it is in line with the wider UK workforce (currently 5% of salary) for the CEO. 5% of base salary for the CFO.
Annual Incentive Plan ('AIP')	• Maximum opportunity for the CEO and CFO: 200% of base salary. • 50% of any incentive is paid in cash and 50% is deferred into shares vesting after three years. • Malus and clawback provisions apply. • Performance metrics – 70% will be based on a matrix based on revenue and adjusted operating profit growth, 15% will be based on ROIC and 15% will be based on ESG, which for 2023 will comprise a Carbon 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')	As set out in the table below, the ROIC targets are set taking into account the stretch within the business plan and current ROIC performance. The change in the target range relative to prior years reflects the level of invested capital at work within the business, which has increased in recent years through the Group's strategy of making bolt-on acquisitions which complement the Group's business (including the 2022 acquisition of Clean Energy Associates and the two main acquisitions in 2021 of JLA Brasil Laboratório de Análises de Alimentos and SAI Global Assurance). The Committee believes that the proposed target range for ROIC (and the wider financial metrics in the LTIP) are appropriately stretching relative to the business plan and external forecasts of performance. • Maximum opportunity for the CEO and CFO: 300% and 200% of base salary, respectively. • Two-year holding period after vesting. • Malus and clawback provisions apply. • Performance metrics for awards being granted in 2023:

Measures	Definition	Threshold (25%)	Maximum (100%)	Commentary
Earnings Per Share ('EPS') (1/3)	Annualised fully diluted, adjusted EPS growth. Measured on a constant currency basis. Per the definition used for the Group's KPIs in Book one, page 24.	4% p.a.	10% p.a.	Compound annual growth rate targets.

Remuneration Committee report Continued

Elements	Implementation in 2023				
	Measures	**Definition**	**Threshold (25%)**	**Maximum (100%)**	**Commentary**
	Adjusted Free Cash Flow (1/3)	Free cash flow generated from operations less net capital expenditure, net interest paid and income tax paid. Adjusted for separately disclosed items. Measured on a constant currency basis. Per the definition used in Book one, page 24.	£1,109m	£1,189m	Cumulative targets measured over three years. Targets set taking into account stretch within business plan and expected capital expenditure over the coming three years.
	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 in Book one, page 24.	15.3%	19.3%	Cumulative adjusted operating profits divided by cumulative invested capital in each of the three performance years. Target set taking into account stretch within business plan, current ROIC performance, and reflective of the Group's strategy of making small bolt-on acquisitions which complement the Group's business. The treatment of significant acquisitions would be determined at the time of the transaction.
Share ownership guidelines	Shareholding guidelines are 500% of salary for the CEO and 300% of salary for the CFO. A post-cessation holding equivalent to the lower of the guideline target or the number of shares held at the date of departure will be required to be held for a period of two years from the Executive's departure date.				

Non-Executive Directors' fees

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

Board membership	From 1 January 2023 £'000	From 1 January 2022 £'000
Chairman	**350**	350
Non-Executive Director	**62**	62
Senior Independent Non-Executive Director	**12**	12
Committee membership		
Chair Audit Committee	**20**	20
Chair Remuneration Committee	**15**	15
Chair Nomination Committee	**-**	–
Member Audit Committee	**10**	10
Member Remuneration Committee	**10**	10
Member Nomination Committee	**5**	5

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

Remuneration Committee report Continued

Remuneration in context

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

Code requirement	Intertek approach
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	Variable remuneration arrangements, which are cascaded throughout the workforce, are based on clearly defined financial performance metrics which are aligned with the Group's 5x5 differentiated strategy for sustainable long-term growth.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	Remuneration arrangements are simple, comprising the following key elements: • Fixed element: comprises base salary, benefits and pension, which are aligned to that offered to the majority of the workforce. • Short-term incentive: annual bonus which incentivises the delivery of financial and non-financial performance metrics linked to ESG. Half of the bonus is paid in cash with the balance deferred into shares vesting after a period of three years. • Long-term incentive: LTIP which incentivises financial performance over a three-year period, promoting long-term sustainable value creation for shareholders. Awards are subject to a two-year holding period post-vesting.
Risk Remuneration structures should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	Performance targets are calibrated to be aligned with the Group's business plan which is set in line with the Group's risk framework. The Remuneration Committee retains the flexibility to review formulaic outcomes to ensure that they are appropriate in the context of overall performance of the Group, including risk.
Predictability The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy	The remuneration scenario charts, set out on page 85, provide estimates on the potential future reward opportunity in a range of scenarios, including below threshold, target and maximum performance (including share price appreciation).
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear and outcomes should not reward poor performance	Variable remuneration is directly aligned to the Group's strategic priorities (through the selection of key financial performance metrics), with payments calibrated to ensure that payments are only made where strong performance is delivered. As noted above, the Remuneration Committee retains the flexibility to review formulaic outcomes to ensure that they are appropriate in the context of the overall performance of the Group.
Alignment with culture Incentive schemes should drive behaviours consistent with the Company's Purpose, Values and strategy	As set out on page 80, 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, is aligned with the Company's strategy and is in the best interests of the Company and its stakeholders. It is directed to deliver continued sustainable profitable growth. Our remuneration strategy is to: • align and recognise the individual's contribution to help us succeed in achieving our 5x5 differentiated strategy for sustainable growth; • attract, engage, motivate and retain the best available people by positioning total pay and benefits to be competitive in the relevant market and in line with the ability of the business to pay; • reward people equitably for the size of their responsibilities and performance; and • motivate high performers to increase shareholder value and share in the Group's success through well designed and appropriately calibrated incentive schemes.

Remuneration Committee report Continued

The sections that have been audited are indicated as such on pages 92 to 101. The independent auditors' report can be found in Book three, pages 54 to 60.

Directors' remuneration earned in 2022 (audited)

The table below and on the following page summarise Directors' remuneration received for 2022 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[1] £'000	BIK arising from performance of duties £'000	Annual incentive[2] £'000	Long-term incentives £'000	Pension[5] £'000	Buyout awards £'000	Total including buyout awards £'000	Total fixed £'000	Total variable £'000
André Lacroix	**2022**	**1,003**	**118**	**3**	**415**	**1,225**[3]	**221**	**-**	**2,985**	**1,345**	**1,640**
	2021	988	109	3	1,680	–[4]	268	–	3,048	1,368	1,680
Jonathan Timmis	**2022**	**533**	**29**	**3**	**220**	**-**[3]	**27**	**-**[7]	**812**	**592**	**220**
	2021[6]	398	24	1	676	–	13	2,187[7]	3,299	436	2,863

1. Benefits include allowances in lieu of company car, annual medicals, life assurance, private medical insurance and the use of a car and driver for the CEO (gross £36,255, net £19,940).
2. 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.
3. This relates to the 2020 LTIP award due to vest May 2023. Further details on performance are set out on page 95. There was no discretion exercised in respect of the awards.
4. This relates to the 2019 LTIP award which was due to vest in March 2022 where the performance outcome gave rise to nil vesting. There was no discretion exercised in respect of the awards.
5. None of the Executive Directors had a prospective entitlement to a defined benefit pension.
6. This relates to the period from 1 April 2021 when Jonathan Timmis was appointed as a Director.
7. 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 in our 2020 Directors' Remuneration report.

Remuneration Committee report Continued

Non-Executive Directors		Base salary or fees[1] £'000	Benefits[2] £'000	BIK arising from performance of duties[3] £'000	Total £'000
Andrew Martin (appointed Chair 1 Jan 2021)	**2022**	**350**	**-**	**10**	**360**
	2021	350	–	–	350
Graham Allan	**2022**	**89**	**-**	**-**	**89**
	2021	89	–	–	89
Gurnek Bains	**2022**	**77**	**-**	**-**	**77**
	2021	77	–	–	77
Lynda Clarizio (appointed 1 March 2021)	**2022**	**72**	**-**	**5**	**77**
	2021[4]	58.5	–	1	59.5
Tamara Ingram	**2022**	**75**	**-**	**-**	**75**
	2021	67	–	–	67
Jez Maiden (appointed 26 March 2022)	**2022**	**37[5]**	**-**	**3**	**40**
	2021	–	–	–	–
Kawal Preet (appointed 31 December 2022)	**2022**	**-**	**-**	**-**	**-**
	2021	–	–	–	–
Gill Rider	**2022**	**87**	**-**	**1**	**88**
	2021	86	–	0.5	86.5
Jean-Michel Valette	**2022**	**82**	**-**	**4**	**86**
	2021	82	–	1.5	83.5

1. Pursuant to the policy of aligning Directors' interests with those of shareholders, the fees shown as being paid to the Non-Executive Directors include £10,000 used to purchase shares and the fee paid to Chairman includes £35,000 used to purchase shares.
2. With respect to the Non-Executive Directors no other benefits are provided.
3. Certain expenses relating to ensuring that the Directors were in a position 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 fees shown for Jez Maiden relate to the period from 26 May 2022, the date he was appointed to the Board.

Remuneration Committee report Continued

Annual incentive (audited)

The annual incentive for 2022 was:

- 70% based on a matrix based on revenue and adjusted operating profit growth;
- 15% based on return on invested capital ('ROIC'); and
- 15% based on a carbon emissions target.

Overview of the matrix (70% 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 20.58% of maximum opportunity. Performance of individual components is shown below.

2022 Company performance against annual incentive targets (at 2021 constant currency)

Financial measures	% Weighting	2022 Threshold	2022 Target[2]	2022 Maximum	2022 Actual	Achieved[3]	Weighted achievement
Total external revenue[1]		£2,938.1m	£2,998.1m	£3,058.1m	**£3,033.7m**		
Adjusted operating profit[1]		£503.1m	£518.7m	£534.3m	**£498.1m**		
Revenue/profit matrix	70%					0%	0%
Return on invested capital[4,6]	15%	18.6%	18.8%	19%	**18.7%**	37.2%	5.58%
Carbon emissions[5,6,7,8]	15%	258,117	253,056	247,995	**207,032**	100%	15%
Total	**100%**						**20.58%**

1. Total External revenue calculated using Lfl Revenue on constant 2021 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. Return on invested capital as per definition used for the Group's KPIs in Book one, page 24.
5. Emissions are measured in tonnes of carbon dioxide equivalent (tCO_2e).
6. Performance at threshold levels generates 25% outcome for both ROIC and carbon emissions.
7. Emissions from Fuel- and Energy-Related Activities not Included in Scope 1 or Scope 2 are excluded from incentive targets.
8. EY have issued an assurance statement in respect of carbon emissions disclosure that can be found on page 28.

Remuneration Committee report Continued

For 2022, the annual incentive outturn in cash and shares is as follows:

	Payable in cash £'000	Deferred Share Award[1] £'000	Percentage of Salary %
André Lacroix	207.4	207.4	20.58
Jonathan Timmis	110.2	110.2	20.58

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.

Vesting of LTIP Share Awards (audited)

The LTIP Share Awards granted in 2020 are subject to performance for the three-year period ended 31 December 2022.

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 (33.3%)	Annualised fully diluted, adjusted EPS growth. Measured on a constant currency basis.	4%	10%	1.4%	0%
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. Measured on a constant currency basis.	£1,126m	£1,206m	£1,296m	100%
Return on Invested Capital (33.3%)	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.	20%	24%	24.3%	100%
Total vesting					**66.67%**

1. 25% of the LTIP share awards will vest at the threshold target and 100% will pay out at the stretch target.

Remuneration Committee report Continued

The LTIP Share Awards granted in 2020 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[1]
André Lacroix	44,900	2,301	47,201	15,733	31,468	1,225
Jonathan Timmis[2]	n/a	n/a	n/a	n/a	n/a	n/a
Total	**44,900**	**2,301**	**47,201**	**15,733**	**31,468**	**1,225**

1. The value of shares vested is calculated using the average mid-market share price in the fourth quarter of 2022 which was £38.94.
2 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. There was no share appreciation on the shares which vested below their award price.

LTIP Share Awards granted during the year (audited)

The following LTIP Share Awards were granted to the Executive Directors during 2022:

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	11 March 2022	300% of salary	48.762	60,794	2,964	25%	Three years to 31 December 2024
Jonathan Timmis	LTIP Share Award	11 March 2022	200% of salary	48.762	21,533	1,050	25%	

The LTIP Share Awards granted in 2022 are conditional share awards subject to performance for the three-year period ending 31 December 2024. Shares are granted at the average of the mid-market quotation price for the five days up to and including the day immediately before grant.

Remuneration Committee report Continued

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

Metric	Performance condition	Threshold target	Maximum target
Earnings Per Share (33.3%)	Annualised fully diluted, adjusted EPS growth, calculated on a constant currency basis and per the EPS definition used for the Group KPIs in the 2020 Annual Report & Accounts.	4%	10%
Return on Invested Capital (33.3%)	Adjusted operating profits less adjusted tax, divided by cumulative invested capital (being net assets excluding tax balances, net financial debt and net pension liabilities) in each of the three years, measured on a constant currency basis.	16.5%	20.5%
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.	£899m	£979m

Deferred Share Awards granted during the year (audited)

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	Vesting date[1]
André Lacroix	Deferred Share Award	11 March 2022	Deferral of 2021 bonus	48.762	17,225	840	11 March 2025
Jonathan Timmis	Deferred Share Award	11 March 2022	Deferral of 2021 bonus	48.762	6,930	338	11 March 2025

1. Vesting date subject to continued employment or good leaver status.

Remuneration Committee report Continued

Share Plan Awards (audited)

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

	Type of Award	31 December 2021 Number of shares	Granted in 2022 Number of shares	Award price[1] £	Dividend accrued in 2022[2]	Vested in 2022 Number of shares	Lapsed in 2022 Number of shares	31 December 2022 Number of shares	Date of vesting
André Lacroix									
2019	LTIP Share[3,4]	50,117	–	47.378	–	–	(50,117)	–	Mar 2022
	Dividend	2,909	–	–	–	–	(2,909)	–	
	Deferred Share[3]	15,135	–	47.378	–	(15,135)	–	–	Mar 2022
	Dividend	876	–	–	–	(876)	–	–	
2020	LTIP Share[5,6]	44,900	–	53.94	–	–	–	44,900	May 2023
	Dividend	1,143	–	–	1,158	–	–	2,301	
	Deferred Share[7]	10,532	–	48.126	–	–	–	10,532	Mar 2023
	Dividend	408	–	–	271	–	–	679	
2021	LTIP Share[6,8]	46,296	–	53.36	–	–	–	46,296	Mar 2024
	Dividend	920	–	–	1,193	–	–	2,113	
	LTIP Share[6,9]	8,471	–	58.324	–	–	–	8,471	May 2024
	Dividend	168	–	–	218	–	–	386	
2022	LTIP Share[6,10]	–	60,794	48.762	–	–	–	60,794	Mar 2025
	Dividend	–	–	–	1,567	–	–	1,567	
	Deferred Share[10]	–	17,225	48.762	–	–	–	17,225	Mar 2025
	Dividend	–	–	–	443	–	–	443	
Total		**181,875**	**78,019**		**4,850**	**(16,011)**	**(53,026)**	**195,707**	

Remuneration Committee report Continued

	Type of Award	31 December 2021 Number of shares	Granted in 2022 Number of shares	Award price[1] £	Dividend accrued in 2022[2]	Vested in 2022 Number of shares	Lapsed in 2022 Number of shares	31 December 2022 Number of shares	Date of vesting
Jonathan Timmis (appointed as a Director on 1 April 2021)									
2021	Buyout award[11]	13,000	–	56.108	–	(13,000)	–	–	April 2022
	Dividend	258	–	–	–	(258)	–	–	
2021	Buyout award[12]	13,000	–	56.108	–	–	–	13,000	April 2023
	Dividend	258	–	–	335	–	–	593	
2021	Buyout award[13]	13,000	–	56.108	–	–	–	13,000	April 2024
	Dividend	258	–	–	335	–	–	593	
2021	LTIP Share[14]	18,713	–	56.108	–	–	–	18,713	April 2024
	Dividend	371	–	–	482	–	–	853	
2022	LTIP Share[6,10]	–	21,533	48.762	–	–	–	21,533	Mar 2025
	Dividend	–	–	–	555	–	–	555	
	Deferred Share[10]	–	6,930	48.762	–	–	–	6,930	Mar 2025
	Dividend	–	–	–	178	–	–	178	
Total		**58,858**	**28,463**		**1,885**	**(13,258)**		**75,948**	

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 2022, on which date the closing market price of shares was £51.70 having been granted on 21 March 2019 on which date the closing market price was £47.70. Awards were made at a share price of £47.38 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
4. 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. In 2022, no LTIP shares vested.
5. 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.
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. 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 on 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. 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.
9. 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.
10. Awards will vest on 11 March 2025, subject to continued employment or good leaver status, having been granted on 11 March 2022 on which date the closing market price was £48.56. Awards were made at a share price of £48.762 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
11. Awards vested on 1 April 2022, on which date the closing market price of shares was £52.14 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 £56.108 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
12. Awards will vest on 1 April 2023, 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 £56.108, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
13. 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 £56.108, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
14. 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 £56.108, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant. 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. The LTIP shares will be subject to an additional two-year holding period post-vesting.

Remuneration Committee report Continued

Malus and clawback (audited)

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

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

Directors' interests in ordinary shares (audited)

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

	Beneficially owned at 31 December 2021	Beneficially owned at 31 December 2022 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]	463,940	**472,425**	166,828	28,879	1,891	Yes
Jonathan Timmis[6]	548	**7,574**	41,654	34,294	57	No
Andrew Martin	7,811	**8,165**	–	–	n/a	n/a
Graham Allan	460	**2,574**	–	–	n/a	n/a
Gurnek Bains	462	**572**	–	–	n/a	n/a
Lynda Clarizio	108	**221**	–	–	n/a	n/a
Tamara Ingram	105	**215**	–	–	n/a	n/a
Jez Maiden[7]	–	**250**	–	–	n/a	n/a
Kawal Preet[8]	–	**-**	–	–	n/a	n/a
Gill Rider	863	**977**	–	–	n/a	n/a
Jean-Michel Valette	10,479	**10,589**	–	–	n/a	n/a

1. No changes in the above Directors' interests have taken place between 31 December 2022 and 27 February 2023.
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 2022 based on a share price of £40.34 as at 30 December 2022, being the last trading day, and applied to the annual salary for 2022.
5. Appointed 16 May 2015 with the guideline to hold 200% of base salary in shares by 16 May 2020. With effect from the AGM held on 26 May 2021, this was increased to 500% of base salary, which has been exceeded.
6. 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.
7. Appointed 26 May 2022.
8. Appointed 31 December 2022.

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 5,088 shares on 21 March 2022 which vested at a share price of £51.53. This relates to the 2019 LTIP award, where Edward was treated as a good leaver. These vested in line with the LTIP awards vesting for other Executives in respect of the performance period ending on 31 December 2021 (0%) of maximum with only the deferred shares vesting.

Ross McCluskey continues to be employed by the Group, as Executive Vice President Europe and Central Asia, and therefore was not treated as a leaver for the purpose of outstanding incentive awards on ceasing to be a Director.

Payments for loss of office (audited)

No payments for loss of office were made in the year.

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, the 2020 and 2021, and the 2021 and 2022 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	2021/2022	2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
CEO (André Lacroix[1])	1.0	1.44	1.5	(24.2)	n/a[3]	(75.3)	(12.4)	(2.31)	8.2
CFO (from 1 April 2021) (Jonathan Timmis[2])	n/a	–	33.9	n/a	–	(67.4)	n/a	–	21.9
Average based on Intertek's UK employees[3]	3.2		4.1	(9.9)	n/a	n/a	16.45	14.4	5
Chairman (from 1 Jan 2021) (Andrew Martin)	–	280.43	–	n/a	n/a	n/a	n/a	–	n/a
Graham Allan	–	–	–	n/a	n/a	n/a	–	–	n/a
Gurnek Bains	–	–	–	n/a	n/a	n/a	(100)	–	n/a
Lynda Clarizio (from 1 March 2021)	n/a	–	23.1	n/a	n/a	n/a	n/a	–	350
Tamara Ingram (from 18 Dec 2020)	n/a	32.5	11.8	n/a	n/a	n/a	n/a	–	n/a
Jez Maiden (from 26 May 2022)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kawal Preet (from 31 December 2022)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gill Rider	–	11.69	1.2	n/a	n/a	n/a	(63.5)	n/a	(100)
Jean-Michel Valette	–	13.89	–	n/a	n/a	n/a	(48.9)	(25)	180

1. The percentage change for incentive and benefits for André Lacroix are based on actual amounts earned from 2019, 2020, 2021 and 2022. The overnight increase in April 2022 was 2%.
2. The increases for Jonathan Timmis are also based on actual amounts earned. Their size reflects a comparison of 2022 full-year against 2021 part-year. His overnight salary increase in April 2022 was 2%.
3. 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.

Non-Executive Director fees are set in advance for all Non-Executive Directors and any changes in salary percentages reflect that one comparator year was not a full year, or the Non-Executive Director changed Committee roles and there was an adjustment to their fees to reflect this, or a general increase in fees which would be reflected in the table on page 93. Any changes in the Benefits% column would reflect the benefits in kind occurred in the performance of their duties (e.g. expenses for accommodation, travel or meals) – whether there is a claim depends on where the meetings are held in relation to where the Director's place of work is considered to be or where n/a is shown this indicates no payment was received in either period or that the increase cannot be calculated as there was no payment in the preceding period.

Remuneration Committee report Continued

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 2022.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022 CEO	**Option B**	**109:1**	**86:1**	**55:1**
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	1,002,975	2,985,563
UK employee 25th percentile	24,265	27,481
UK employee median	31,635	34,576
UK employee 75th percentile	49,625	54,400

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 2022 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 2022.

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 are representative of Intertek UK as a whole. Intertek has 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 104:1 to 111:1, with an arithmetic mean of 109:1.
- For the three employees around the 50th percentile: Ratios ranged from 82:1 to 92:1, with an arithmetic mean of 87.1.
- For the three employees around the 75th percentile: Ratios ranged from 53:1 to 58:1, with an arithmetic mean of 55:1.

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

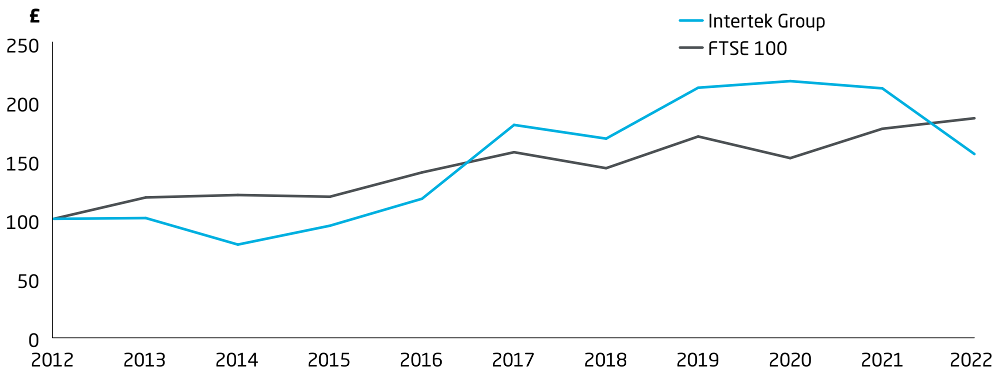
The table below shows the movement in spend on staff costs between the 2021 and 2022 financial years, compared to dividends.

	2022 £m	2021 £m	% change
Staff costs[1]	**1,394.7**	1,242.6	12.2%
Dividends	**170.6**	170.6	0%

1. Staff costs are shown at actual rates. At constant currency, staff costs increased by 5.8%, reflecting a 6.4% 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

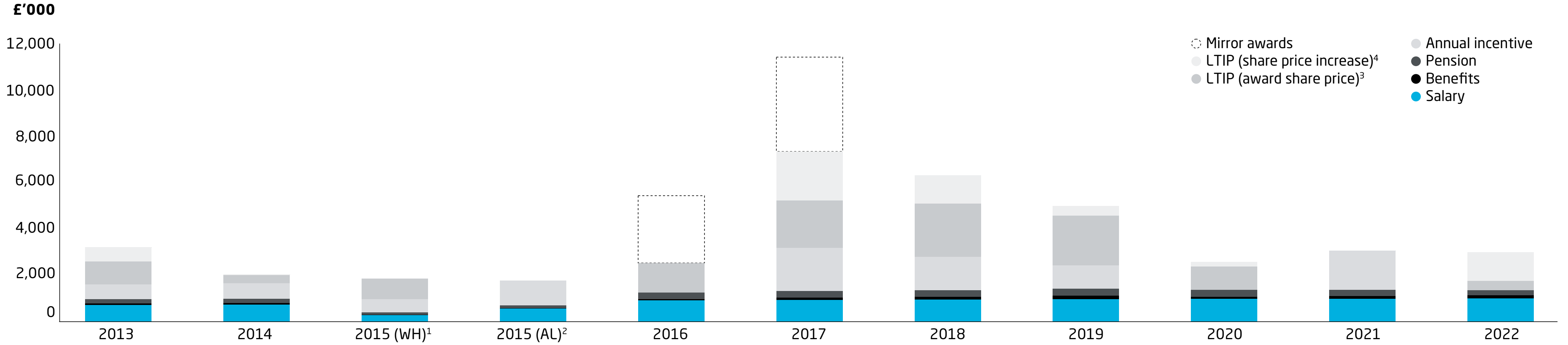
CEO total remuneration

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.

	2013	2014	W Hauser 2015	A Lacroix 2015	2016	2017	2018	2019	2020	2021	2022
Total remuneration £'000	3,195	2,011	876	1,824	5,452[1]	11,417[1]	6,223	4,986	2,470	3,048	**2,986**
Annual incentive (%)	34.6	38.4	90.6	96.6	70.2	100.0	75.5	52.3	0.0	85.0	**20.6**
LTIP award vesting (%)	81.8	25.2	–	–	–	90.87	98.32	89.40	41.50	0.0	**66.7**

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 2013 to 2022.



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.

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 27 February 2023.

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 Annual Report & Accounts is in a three book format: Book one – Strategic report; Book two – Sustainability report/Directors' report; and Book three – Financial report. The Board has prepared a Strategic report in Book one 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 2022 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 in Book two, including the sections of the Annual Report & Accounts, being Books one, two and three, 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 table below.

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 Committee report (pages 78 to 103)
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 105)
10. Any contracts for the provision of services by a controlling shareholder	Not applicable
11. Shareholder waivers of dividends	Other statutory information (page 105)
12. Shareholder waivers of future dividends	Other statutory information (page 105)
13. Agreements with controlling shareholders	Not applicable

Other statutory information Continued

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 40 to 42. During the year, Jez Maiden and Kawal Preet were appointed as Non-Executive Directors of the Board on 26 May 2022 and 31 December 2022, respectively.

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 election and 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 meetings and those currently in place are set out in detail on the next page.

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 2022, 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 Directors' Remuneration Committee report.

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.

Dividend
The Directors are recommending a final dividend of 71.6p per ordinary share (2021: 71.6p) making a full-year dividend of 105.8p per ordinary share (2021: 105.8p) which will, if approved at the AGM, be paid on 15 June 2023 to shareholders on the register at the close of business on 26 May 2023.

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 in Book three.

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 132,407 shares held by the Intertek Group Employee Share Ownership Trust ('Trust') as of 31 December 2022 and with respect to future dividends. Details of the shares purchased by the Trust during the year are outlined in note 15 in Book three. 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.

Other statutory information Continued

Allotment of shares

At the AGM held in 2022, 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 2022, 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 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 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 of 31 December 2022 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.

Material interests in shares

Up to 27 February 2023, 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%
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.

Other statutory information Continued

Our people
Information about the Group's employees, employment of disabled persons policies and employment practices is contained within this report on pages 10 to 15. Information on the employee share schemes is in the Directors' Remuneration Committee report and in Book three, page 36. The steps by the Company taken to inform, engage and consult with employees is outlined in pages 53 to 61 and in the Section 172 statement in Book one.

Stakeholders
Information on the steps by the Company taken to inform, engage and consult with our stakeholders is outlined in pages 52 to 61 and in the Section 172 statement in Book one.

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 24 to 29.

Task Force on Climate-Related Financial Disclosures ('TCFD')
The climate-related financial disclosures consistent with TCFD recommendations are in Book one.

Political donations
At the AGM in 2022, 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 (2021: £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 in note 23 in Book three.

Independent auditors
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 auditors 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 in Book three.

Annual General Meeting
The Notice of AGM, which is to be held on 24 May 2023, 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 auditors are 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 auditors are 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
27 February 2023

Registered Office:
33 Cavendish Square, London W1G 0PS

Registered Number: 04267576

intertek

financial report

Book three

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

We are pleased to share with you our Annual Report & Accounts in a unique, three-book format:

Book one - Strategic Report
Book two - Sustainability Report
Book three - Financial Report

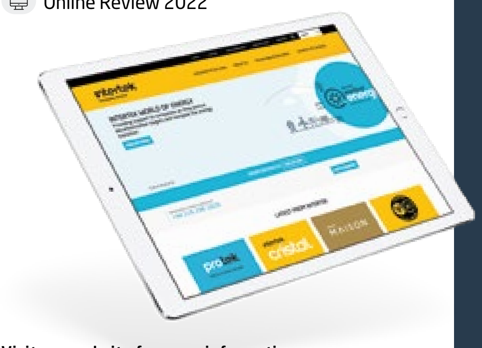
These separate, but connected books, with their interconnected themes and narratives, allow us to present what we achieved in 2022 in a systemic, end-to-end architecture.

They have been designed to make it easier for our stakeholders to fully understand our business, how we bring quality and safety to life, what we offer our clients and society, and the opportunities we have ahead of us.

The three books, which allow us to present our work in 2022 to you through the three important lenses of growth opportunities, sustainability goals and financial performance, should be read together to form our Annual Report & Accounts 2022.

Look out for these throughout the report:

- Reference to another page in the report or to an external web page
- Intertek Sustainability Disclosure Index
- Online Review 2022



Visit our website for more information

intertek.com

strategic report

Where we discuss our growth opportunities and strategic performance.

Book one

sustainability report

Where we discuss our environmental, social and governance progress.

Book two

this report

financial report

Where we record our financial activities, performance and position.

Book three

Consolidated income statement

For the year ended 31 December	Notes	Adjusted results* £m	Separately Disclosed Items* £m	Total 2022 £m	Adjusted results* £m	Separately Disclosed Items* £m	Total 2021 £m
Revenue	2	**3,192.9**	**-**	**3,192.9**	2,786.3	–	2,786.3
Operating costs	4	**(2,672.8)**	**(67.7)**	**(2,740.5)**	(2,312.4)	(40.7)	(2,353.1)
Group operating profit/(loss)	2	**520.1**	**(67.7)**	**452.4**	473.9	(40.7)	433.2
Finance income	14	**2.2**	**-**	**2.2**	1.5	–	1.5
Finance expense	14	**(34.1)**	**(0.7)**	**(34.8)**	(29.9)	8.6	(21.3)
Net financing (costs)/income		**(31.9)**	**(0.7)**	**(32.6)**	(28.4)	8.6	(19.8)
Profit/(loss) before income tax		**488.2**	**(68.4)**	**419.8**	445.5	(32.1)	413.4
Income tax (expense)/credit	6	**(128.4)**	**15.4**	**(113.0)**	(118.0)	11.3	(106.7)
Profit/(loss) for the year	2	**359.8**	**(53.0)**	**306.8**	327.5	(20.8)	306.7
Attributable to:							
Equity holders of the Company		**341.8**	**(53.0)**	**288.8**	308.9	(20.8)	288.1
Non-controlling interest	20	**18.0**	**-**	**18.0**	18.6	–	18.6
Profit/(loss) for the year		**359.8**	**(53.0)**	**306.8**	327.5	(20.8)	306.7
Earnings per share**							
Basic	7			**179.2p**			178.7p
Diluted	7			**178.4p**			177.9p

* 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	2022 £m	2021 £m
Profit for the year	2	**306.8**	306.7
Other comprehensive income/(expense)			
Remeasurements on defined benefit pension schemes	16	**17.4**	11.5
Tax on comprehensive income items	6	**(4.3)**	(0.5)
Items that will never be reclassified to profit or loss		**13.1**	11.0
Foreign exchange translation differences of foreign operations		**181.5**	(24.7)
Net exchange (loss)/gain on hedges of net investments in foreign operations		**(120.0)**	4.0
Items that are or may be reclassified subsequently to profit or loss		**61.5**	(20.7)
Total other comprehensive income/(expense) for the year		**74.6**	(9.7)
Total comprehensive income for the year		**381.4**	297.0
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**363.1**	277.4
Non-controlling interest	20	**18.3**	19.6
Total comprehensive income for the year		**381.4**	297.0

Consolidated statement of financial position

As at 31 December	Notes	2022 £m	2021 £m
Assets			
Property, plant and equipment	8	**694.4**	641.8
Goodwill	9	**1,418.4**	1,241.4
Other intangible assets	9	**362.9**	358.5
Trade and other receivables	11	**21.5**	–
Defined benefit pension asset	16	**21.3**	5.4
Deferred tax assets	6	**45.0**	39.3
Total non-current assets		**2,563.5**	2,286.4
Inventories*		**16.9**	14.9
Trade and other receivables*	11	**726.4**	661.9
Cash and cash equivalents	14	**321.6**	265.9
Current tax receivable		**31.9**	20.6
Total current assets		**1,096.8**	963.3
Total assets		**3,660.3**	3,249.7
Liabilities			
Interest-bearing loans and borrowings	14	**(262.4)**	(462.0)
Current taxes payable		**(71.0)**	(59.1)
Lease liabilities	14	**(70.6)**	(63.5)
Trade and other payables*	12	**(723.2)**	(667.8)
Provisions*	13	**(15.8)**	(13.2)
Total current liabilities		**(1,143.0)**	(1,265.6)
Interest-bearing loans and borrowings	14	**(797.1)**	(537.2)
Lease liabilities	14	**(251.6)**	(228.8)
Deferred tax liabilities	6	**(99.2)**	(67.4)
Defined benefit pension liabilities	16	**(2.2)**	(4.0)
Trade and other payables*	12	**(34.6)**	(31.9)
Provisions*	13	**(14.6)**	(0.5)
Total non-current liabilities		**(1,199.3)**	(869.8)
Total liabilities		**(2,342.3)**	(2,135.4)
Net assets		**1,318.0**	1,114.3

As at 31 December	Notes	2022 £m	2021 £m
Equity			
Share capital	15	**1.6**	1.6
Share premium		**257.8**	257.8
Other reserves		**(41.3)**	(102.5)
Retained earnings		**1,065.9**	925.1
Total equity attributable to equity holders of the Company		**1,284.0**	1,082.0
Non-controlling interest	20	**34.0**	32.3
Total equity		**1,318.0**	1,114.3

* Working capital of negative £47.8m (2021: negative £43.3m) comprises the asterisked items in the above statement of financial position less refundable deposits aged over 12 months of £nil (2021: £6.7m) and IFRS 16 Lease Receivable of £2.9m (2021: £nil).

The financial statements on pages 1 to 48 were approved by the Board on 27 February 2023 and were signed on its behalf by:

André Lacroix
Chief Executive Officer

Jonathan Timmis
Chief Financial Officer

Consolidated statement of changes in equity

		Attributable to equity holders of the Company							
				Other reserves					
For the year ended 31 December	Notes	Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m	Total before non-controlling interest £m	Non-controlling interest £m	Total equity £m
At 1 January 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 changes in equity Continued

For the year ended 31 December	Notes	Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m	Total before non-controlling interest £m	Non-controlling interest £m	Total equity £m
		Attributable to equity holders of the Company							
				Other reserves					
At 1 January 2022		1.6	257.8	(108.9)	6.4	925.1	1,082.0	32.3	1,114.3
Total comprehensive income for the year									
Profit		–	–	–	–	288.8	288.8	18.0	306.8
Other comprehensive income		–	–	61.2	–	13.1	74.3	0.3	74.6
Total comprehensive income for the year		–	–	61.2	–	301.9	363.1	18.3	381.4
Transactions with owners of the Company recognised directly in equity									
Contributions by and distributions to the owners of the Company									
Dividends paid	15	–	–	–	–	(170.6)	(170.6)	(16.6)	(187.2)
Purchase of own shares	15	–	–	–	–	(2.3)	(2.3)	–	(2.3)
Tax paid on Share Awards vested*	17	–	–	–	–	(4.4)	(4.4)	–	(4.4)
Equity-settled transactions	17	–	–	–	–	17.5	17.5	–	17.5
Income tax on equity-settled transactions	6	–	–	–	–	(1.3)	(1.3)	–	(1.3)
Total contributions by and distributions to the owners of the Company		–	–	–	–	(161.1)	(161.1)	(16.6)	(177.7)
At 31 December 2022		1.6	257.8	(47.7)	6.4	1,065.9	1,284.0	34.0	1,318.0

* 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 cash flows

For the year ended 31 December	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Profit for the year	2	**306.8**	306.7
Adjustments for:			
Depreciation charge	8	**160.2**	150.6
Amortisation of software	9	**20.3**	18.7
Amortisation of acquisition intangibles	9	**34.8**	29.3
Impairment of goodwill and other assets	8,9	**15.3**	–
Equity-settled transactions	17	**17.5**	18.6
Net financing costs	14	**32.6**	19.8
Income tax expense	6	**113.0**	106.7
(Profit)/loss on disposal of property, plant, equipment and software		**(0.4)**	0.1
Operating cash flows before changes in working capital and operating provisions		**700.1**	650.5
Change in inventories		**(0.8)**	0.6
Change in trade and other receivables		**(54.3)**	(29.2)
Change in trade and other payables		**61.1**	62.0
Change in provisions		**-**	(2.7)
Special contributions into pension schemes	16	**(2.0)**	(2.0)
Cash generated from operations		**704.1**	679.2
Interest and other finance expense paid		**(37.5)**	(27.0)
Income taxes paid		**(106.7)**	(102.0)
Net cash flows generated from operating activities*		**559.9**	550.2
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		**4.2**	1.0
Interest received*	14	**2.2**	1.5
Acquisition of subsidiaries, net of cash acquired	10	**(63.2)**	(480.9)
Consideration paid in respect of prior year acquisitions		**-**	(10.9)
Acquisition of property, plant, equipment and software*		**(116.5)**	(97.1)
Net cash flows used in investing activities		**(173.3)**	(586.4)

For the year ended 31 December	Notes	2022 £m	2021 £m
Cash flows from financing activities			
Purchase of own shares	15	**(2.3)**	(11.4)
Tax paid on share awards vested		**(4.4)**	(6.7)
Drawdown of borrowings		**477.2**	471.3
Repayment of borrowings		**(536.8)**	(72.4)
Repayment of lease liabilities*		**(81.4)**	(70.4)
Dividends paid to non-controlling interest	20	**(16.6)**	(17.0)
Equity dividends paid		**(170.6)**	(170.6)
Net cash flow generated (used in)/from financing activities		**(334.9)**	122.8
Net increase in cash and cash equivalents	14	**51.7**	86.6
Cash and cash equivalents at 1 January	14	**264.0**	183.4
Exchange adjustments	14	**5.0**	(6.0)
Cash and cash equivalents at 31 December	14	**320.7**	264.0

The notes on pages 7 to 48 are an integral part of these consolidated financial statements.

Cash outflow relating to Separately Disclosed Items was £17.9m for year ended 31 December 2022 (2021: £16.6m).

* Free cash flow of £368.4m (2021: £385.2m) 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 2022 consolidate those of the Company and its subsidiaries (together referred to as the 'Group') and include the Group's interest in associates. 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 49 to 53.

Significant new accounting policies and standards

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 2022 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.

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 2024 to assess both liquidity requirements and debt covenants.

In addition, the Group's financial forecasts for 2023 and 2024, 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 2022 was £707.3m (2021: £564.2m). The maturity of our borrowing facilities is disclosed in note 14 of the financial statements with repayment of the Acquisition facilities of £130m and US$160m of senior notes required by 31 December 2023. Our models forecast these to be repaid using existing facilities following the issuance of £640m of senior notes issued in the current year. 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 2024, 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 Book one, page 49 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.
- We have specifically considered the impact of climate change on the carrying value of fixed assets (see note 8).
- The Group has not bought carbon credits in 2022 (2021: nil) to offset our measured Scope 1, 2 and 3 GHG emissions.

Government grants

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

Notes to the financial statements Continued

1 Significant accounting policies Continued

Basis of consolidation

Subsidiaries

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

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

Transactions eliminated on consolidation

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

Foreign currency

Foreign currency transactions

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

Foreign operations

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

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

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

	Assets and liabilities Actual rates		Income and expenses Cumulative average rates	
Value of £1	31 December 2022	31 December 2021	2022	2021
US dollar	**1.20**	1.35	**1.24**	1.38
Euro	**1.13**	1.19	**1.17**	1.16
Chinese renminbi	**8.45**	8.59	**8.31**	8.89
Hong Kong dollar	**9.37**	10.52	**9.68**	10.70
Australian dollar	**1.78**	1.86	**1.78**	1.83

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. There is no significant risk of material impairment within the next financial year.

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 IFRS 15, 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 Assurance, Testing, Inspection and Certification ('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.

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 ('TQA') 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 TQA solutions to optimise the use of customers' assets and minimise the risk in their supply chains. Some of our key services include technical inspection, asset integrity management, analytical testing and ongoing training services.

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

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

Year ended 31 December 2022	Revenue from contracts with customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	**2,024.3**	**(113.5)**	**426.9**	**(50.4)**	**376.5**
Trade	**635.6**	**(43.4)**	**57.9**	**(8.6)**	**49.3**
Resources	**533.0**	**(23.6)**	**35.3**	**(8.7)**	**26.6**
Total	**3,192.9**	**(180.5)**	**520.1**	**(67.7)**	**452.4**
Group operating profit			**520.1**	**(67.7)**	**452.4**
Net financing costs			**(31.9)**	**(0.7)**	**(32.6)**
Profit before income tax			**488.2**	**(68.4)**	**419.8**
Income tax (expense)/credit			**(128.4)**	**15.4**	**(113.0)**
Profit for the year			**359.8**	**(53.0)**	**306.8**

Year ended 31 December 2021	Revenue from contracts with customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,755.3	(106.3)	399.7	(34.3)	365.4
Trade	575.4	(43.7)	51.6	(1.4)	50.2
Resources	455.6	(19.3)	22.6	(5.0)	17.6
Total	2,786.3	(169.3)	473.9	(40.7)	433.2
Group operating profit			473.9	(40.7)	433.2
Net financing (costs)/income			(28.4)	8.6	(19.8)
Profit before income tax			445.5	(32.1)	413.4
Income tax (expense)/credit			(118.0)	11.3	(106.7)
Profit for the year			327.5	(20.8)	306.7

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),the United Kingdom and, following the acquisition of SAI in 2021, Australia.

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	
	2022 £m	2021 £m	2022 £m	2021 £m
United States	**958.3**	837.1	**1,139.4**	974.2
China (including Hong Kong)	**591.3**	550.3	**97.3**	81.4
United Kingdom	**203.5**	173.9	**264.2**	226.8
Australia	**174.9**	110.6	**555.9**	541.6
Other countries and unallocated	**1,264.9**	1,114.4	**418.9**	417.7
Total	**3,192.9**	2,786.3	**2,475.7**	2,241.7

Major customers

No revenue from any individual customer exceeded 10% of total Group revenue in 2022 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 61.

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; the costs of any significant strategic projects; 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 associated with our cost reduction programme are excluded from adjusted operating profit where they represent changes associated with operational streamlining and technology upgrades and are costs that are not expected to reoccur. The restructuring programme is expected to last up to five years.

The treatment as SDI is consistent with the disclosure of costs for similar restructuring and strategic programmes previously undertaken.

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:

		2022 £m	2021 £m
Operating costs:			
Amortisation of acquisition intangibles	(a)	**(34.8)**	(29.3)
Acquisition and integration costs	(b)	**(5.5)**	(11.4)
Restructuring costs	(c)	**(27.4)**	–
Total operating costs		**(67.7)**	(40.7)
Net financing (cost)/income	(d)	**(0.7)**	8.6
Total before income tax		**(68.4)**	(32.1)
Income tax credit on Separately Disclosed Items		**15.4**	11.3
Total		**(53.0)**	(20.8)

(a) Of the amortisation of acquisition intangibles in the current year, £0.8m relates to the customer relationships, trade names and technology acquired with the purchase of Clean Energy Associates, LLC ('CEA') in 2022.
(b) Acquisition and integration costs comprise £1.8m (2021: £11.3m) for transaction and integration costs in respect of successful, active and aborted acquisitions in the current year, and £3.7m in respect of prior-years' acquisitions (2021: £0.1m).
(c) During 2022, the Group initiated the first year of a cost reduction programme. In 2022, costs of £27.4m (2021: £nil) included consolidating sites and offices, streamlining headcount, Group-wide technology upgrades and related asset write-offs.
(d) Net financing cost of £0.7m (2021: £8.6m income). In relation to acquisitions from prior periods, the 2022 cost is the unwinding of discount and changes in fair value of contingent consideration. The 2021 income was 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:

	2022 £m	2021 £m
Employee costs	**1,394.7**	1,242.6
Depreciation and software amortisation (notes 8 and 9)	**180.5**	169.3
Other expenses	**1,165.3**	941.2
Total	**2,740.5**	2,353.1

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

	2022 £m	2021 £m
Included in profit for the year are the following expenses:		
Property rentals	**7.3**	7.1
Lease and hire charges – fixtures, fittings and equipment	**12.4**	9.5
Government grants related to employee costs	**(9.7)**	(15.6)
(Profit)/loss on disposal of property, plant, equipment and software	**(0.4)**	0.8
Auditors' remuneration:		
Audit of these financial statements	**1.2**	0.9
Amounts receivable by the auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**4.7**	3.8
Total audit fees payable pursuant to legislation	**5.9**	4.7
Audit-related services	**0.2**	0.1
Total	**6.1**	4.8

5 Employees

Total employee costs are shown below:

Employee costs	2022 £m	2021 £m
Wages and salaries	**1,182.8**	1,050.9
Equity-settled transactions	**17.5**	18.6
Social security costs	**132.9**	119.3
Pension costs (note 16)	**61.5**	53.8
Total employee costs	**1,394.7**	1,242.6

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

Average number of employees by division	2022	2021
Products	**24,171**	23,378
Trade	**9,699**	9,970
Resources	**7,893**	8,315
Central	**2,022**	1,917
Total average number for the year ended 31 December	**43,785**	43,580
Total actual number at 31 December	**43,597**	44,063

The total remuneration of the Directors is shown below:

Directors' emoluments	2022 £m	2021 £m
Directors' remuneration	**3.5**	5.4
Amounts charged under the long-term incentive scheme	**1.2**	2.2
Total Directors' emoluments	**4.7**	7.6

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.

Deferred tax assets are recognised to the extent that there are taxable temporary differences relating to the same taxation authority, the same taxable company or different taxable companies part of the same tax group, which are expected to reverse in the same period, or 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. In calculating future taxable profits, the future forecasts considered were consistent with those used for the purposes of the Group's going concern and viability assessments.

The Group does not currently expect the climate related risks discussed in Book one, pages 49 to 57 to have an impact on the availability to recover the deferred tax assets identified below. 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 £113.0m (2021: £106.7m), equates to an effective rate of 26.9% (2021: 25.8% and the cash tax on adjusted results is 21.9% (2021: 22.9%). The income tax expense for the adjusted profit before tax for the 12 months ended 31 December 2022 is £128.4m (2021: £118.0m). The Group's adjusted consolidated effective tax rate for the 12 months ended 31 December 2022 is 26.3% (2021: 26.5%).

Differences between the consolidated effective tax rate of 26.3% 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 28.3% (2021: 29.0%). The tax on SDI's primarily relate to intangibles, impairment of fixed assets, restructuring and integration. During 2021, the OECD published a framework for the introduction of a global minimum effective tax rate of 15%, applicable to large multinational groups. HM Treasury has published draft legislation to implement these 'Pillar Two' rules for accounting periods starting on or after 31 December 2023. The Group is reviewing these draft rules, which have not been substantively enacted, to understand any potential impacts.

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:

	2022 £m	2021 £m
Current tax charge for the period	**114.4**	110.4
Adjustments relating to prior year liabilities	**(3.7)**	3.6
Current tax	**110.7**	114.0
Deferred tax movement related to current year	**0.8**	(2.1)
Deferred tax movement related to prior year	**1.5**	(5.2)
Deferred tax movement	**2.3**	(7.3)
Total tax in income statement	**113.0**	106.7
Tax on adjusted result	**128.4**	118.0
Tax on Separately Disclosed Items	**(15.4)**	(11.3)
Total tax in income statement	**113.0**	106.7

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.

	2022 £m	2021 £m
Profit before taxation	**419.8**	413.4
Notional tax charge at UK standard rate 19.0% (2021: 19.0%)	**79.8**	78.5
Differences in overseas tax rates	**7.6**	13.2
Withholding tax on intercompany dividends	**8.5**	10.0
Non-deductible expenses	**20.7**	13.5
Tax exempt income	**(5.1)**	(7.0)
Change in tax rate impact	**(1.6)**	(0.1)
Movement in unrecognised deferred tax	**3.0**	1.3
Adjustments in respect of prior years[1]	**(2.2)**	(1.6)
Other[2]	**2.3**	(1.1)
Total tax in income statement	**113.0**	106.7

1. Adjustments in respect of prior years include a £0.6m charge relating to a tax settlement in Ghana and a £0.8m credit in the UK relating to higher double tax relief for overseas taxes.
2. The Other category contains R&D tax credits and super deductions of £2.6m (2021: £2.6m) and a net provision charge of £2.7m (2021: £0.6m) 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. The consequential effect on the Group's future tax charge was disclosed in the prior year financial statements.

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 2022 £m	Tax charge 2022 £m	Net of tax 2022 £m	Before tax 2021 £m	Tax charge 2021 £m	Net of tax 2021 £m
Foreign exchange translation differences of foreign operations	**181.5**	**(4.9)**	**176.6**	(24.7)	–	(24.7)
Net exchange gain/(loss) on hedges of net investments in foreign operations	**(120.0)**	**-**	**(120.0)**	4.0	–	4.0
Gain on fair value of cash flow hedges	**-**	**4.1**	**4.1**	–	1.7	1.7
Remeasurements on defined benefit pension schemes	**17.4**	**(3.5)**	**13.9**	11.5	(2.2)	9.3
Tax on other items that will never be reclassified to profit or loss	**-**	**-**	**-**	–	–	–
Total other comprehensive (expense)/income for the year	**78.9**	**(4.3)**	**74.6**	(9.2)	(0.5)	(9.7)

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 2022 £m	Tax charge 2022 £m	Net of tax 2022 £m	Before tax 2021 £m	Tax charge 2021 £m	Net of tax 2021 £m
Equity-settled transactions	**17.5**	**(1.3)**	**16.2**	18.6	(0.3)	18.3

Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £m	Assets 2021 £m	Liabilities 2022 £m	Liabilities 2021 £m	Net 2022 £m	Net 2021 £m
Intangible assets	**0.2**	0.3	**(94.0)**	(90.9)	**(93.8)**	(90.6)
Property, plant and equipment	**4.2**	6.6	**(17.3)**	(3.4)	**(13.1)**	3.2
Pensions	**0.7**	1.2	**(4.8)**	(1.4)	**(4.1)**	(0.2)
Equity-settled transactions	**5.3**	7.7	**-**	–	**5.3**	7.7
Provisions and other temporary differences	**60.7**	62.9	**(22.9)**	(22.0)	**37.8**	40.9
Tax value of losses	**13.7**	10.9	**-**	–	**13.7**	10.9
Total	**84.8**	89.6	**(139.0)**	(117.7)	**(54.2)**	(28.1)
As shown on balance sheet:						
Deferred tax assets*					**45.0**	39.3
Deferred tax liabilities*					**(99.2)**	(67.4)
Total					**(54.2)**	(28.1)

* 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 £39.8m, but the net liability of £54.2m is the same in both cases. Deferred tax assets totalling £6.3m have been recognised primarily in respect of Argentina, Brazil and Saudi Arabia that have taxable losses either in the current or prior period. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including approved budgets and forecasts. These forecasts are consistent with those used internally by management when considering the Group's going concern and viability assessments. Following this evaluation, it is considered more likely than not that there will be sufficient future taxable profits to realise these deferred tax assets, the majority of which can be carried forward indefinitely excluding £1.6m losses which are due to expire within five years and £0.2m losses which are due to expire after five years. Of the £84.1m of deferred tax assets displayed above, £25.8m are expected to be recovered within 12 months of the date of this Annual Report & Accounts.

Notes to the financial statements Continued

6 Taxation Continued

Movements in deferred tax temporary differences during the year

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

	1 January 2022 £m	Exchange adjustments £m	Acquisitions £m	Recognised in income statement £m	Recognised in equity and OCI £m	31 December 2022 £m
Intangible assets	(90.6)	(12.2)	(8.0)	17.0	-	(93.8)
Property, fixtures, fittings and equipment	3.2	0.1	-	(16.4)	-	(13.1)
Pensions	(0.2)	-	-	(0.4)	(3.5)	(4.1)
Equity-settled transactions	7.7	-	-	(1.1)	(1.3)	5.3
Provisions and other temporary differences	40.9	0.8	(3.1)	(0.8)	-	37.8
Tax value of losses	10.9	0.6	2.8	(0.6)	-	13.7
Total	(28.1)	(10.7)	(8.3)	(2.3)	(4.8)	(54.2)

	1 January 2021 £m	Exchange adjustments £m	Acquisitions £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)

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:

	2022 £m	2021 £m
Intangibles	32.3	29.3
Pensions	1.5	1.5
Provisions and other temporary differences	1.0	–
Tax losses	176.0	161.9
Foreign tax credits[1]	13.5	12.0
Property, fixtures, fittings and equipment	-	0.5
Total	224.3	205.2

1. The total unrecognised foreign tax credits is £3.6m, the grossed-up equivalent amount of which is £13.5m 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.

Of the unrecognised tax losses above, £110.8m (2021: £110.8m) of these relate to US state tax losses due to insufficient taxable profits expected in the relevant states. In addition, £8.2m (2021: £8.2m) of these unrecognised losses relate to a dormant company resident in Hong Kong with no probable future profits. A further £14.8m (2021: £8.4m) of these unrecognised losses relate to entities based in the UK, however these relate to (i) non trade deficits in entities where there is no probable prospect of future non trade profits and (ii) capital losses where there is uncertainty on their utilisation in future periods.

There is a temporary difference of £285.1m (2021: £284.4m) 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.

Notes to the financial statements Continued

6 Taxation Continued

Expiry of unrecognised deferred tax assets – tax losses and tax credits

	2022 £m	2021 £m
Tax losses expiring:		
Within 10 years	**51.2**	55.2
More than 10 years	**73.0**	60.2
Available indefinitely	**51.8**	44.0
Total	**176.0**	159.4
Tax credits expiring:		
Within 10 years	**13.5**	12.0
More than 10 years	**–**	–
Available indefinitely	**–**	–
Total	**13.5**	12.0

In addition to the above, no specified time expiry is anticipated in respect of the other unrecognised deferred tax assets.

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:

	2022 £m	2021 £m
Profit attributable to ordinary shareholders	**288.8**	288.1
Separately Disclosed Items after tax (note 3)	**53.0**	20.8
Adjusted earnings	**341.8**	308.9
Number of shares (millions)		
Basic weighted average number of ordinary shares	**161.2**	161.2
Potentially dilutive share awards	**0.7**	0.7
Diluted weighted average number of shares	**161.9**	161.9
Basic earnings per share	**179.2p**	178.7p
Potentially dilutive share awards	**(0.8)p**	(0.8)p
Diluted earnings per share	**178.4p**	177.9p
Adjusted basic earnings per share	**212.0p**	191.6p
Potentially dilutive share awards	**(0.9)p**	(0.8)p
Adjusted diluted earnings per share	**211.1p**	190.8p

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 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
Accumulated 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

	Land and buildings £m	Fixtures, fittings, plant and equipment £m	Total £m
Cost			
At 1 January 2022	**577.2**	**1,175.0**	**1,752.2**
Exchange adjustments	**38.0**	**67.9**	**105.9**
Additions	**87.5**	**110.4**	**197.9**
Disposals	**(57.4)**	**(54.2)**	**(111.6)**
Businesses acquired (note 10)	**-**	**0.1**	**0.1**
At 31 December 2022	**645.3**	**1,299.2**	**1,944.5**
Accumulated depreciation			
At 1 January 2022	**276.9**	**833.5**	**1,110.4**
Exchange adjustments	**20.2**	**56.7**	**76.9**
Charge for the year	**66.4**	**93.8**	**160.2**
Impairments	**-**	**2.4**	**2.4**
Disposals	**(47.7)**	**(52.1)**	**(99.8)**
At 31 December 2022	**315.8**	**934.3**	**1,250.1**
Net book value at 31 December 2022	**329.5**	**364.9**	**694.4**

Notes to the financial statements Continued

8 Property, plant and equipment Continued

Fixtures, fittings, plant and equipment include assets in the course of construction of £33.6m at 31 December 2022 (2021: £27.0m), 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:

	2022 £m	2021 £m
Freehold	**56.6**	57.1
Leasehold	**272.9**	243.2
Total	**329.5**	300.3

Contracts for capital expenditure which are not provided in the financial statements amounted to £7.4m (2021: £10.3m).

We have specifically reviewed our portfolio of freehold properties (total 2022 net book value of £56.6m (2021: £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.

As a result of the Group's cost reduction programme initiated in 2022, there were individual fixtures, fittings, plant and equipment assets no longer in use which resulted in an impairment of £2.4m (2021: £nil) with the cost recognised in SDI as a restructuring cost (see note 3).

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

	Land and buildings £m	Other £m	Total £m
At 1 January 2022	**240.3**	**26.5**	**266.8**
Cost movement in year	**63.1**	**4.9**	**68.0**
Depreciation movement in year	**(33.9)**	**(3.3)**	**(37.2)**
Net book value at 31 December 2022	**269.5**	**28.1**	**297.6**

For lease liabilities, interest expenses on lease liabilities and cash outflows for leases, refer to note 14; for expense relating to short-term leases and leases of low-value assets, refer to note 4.

Other leases include motor vehicles, office equipment and fixtures and fittings.

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. Goodwill is also tested for impairment in the year of any acquisition.

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. CGU, 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				
	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
Accumulated 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

Notes to the financial statements Continued

9 Goodwill and other intangible assets Continued

	Goodwill £m	Customer relationships £m	Technology/ Know-how and trade names £m	Other acquisition intangibles £m	Computer software £m	Total other intangible assets £m
		Other intangible assets				
Cost						
At 1 January 2022	**1,763.9**	496.3	97.4	29.2	245.7	**868.6**
Exchange adjustments	**139.2**	38.8	8.7	2.0	21.7	**71.2**
Additions	**-**	–	–	–	20.4	**20.4**
Transfers	**5.8**	–	2.9	–	–	**2.9**
Disposal	**-**	–	–	–	(5.3)	**(5.3)**
Businesses acquired (note 10)	**66.6**	12.1	3.2	–	–	**15.3**
At 31 December 2022	**1,975.5**	547.2	112.2	31.2	282.5	**973.1**
Accumulated amortisation						
At 1 January 2022	**522.5**	327.7	25.9	25.9	130.6	**510.1**
Exchange adjustments	**34.6**	23.0	2.7	1.7	10.0	**37.4**
Charge for the year	**-**	22.2	11.3	1.3	20.3	**55.1**
Disposal	**-**	–	–	–	(5.3)	**(5.3)**
Impairment	**-**	–	–	–	12.9	**12.9**
At 31 December 2022	**557.1**	372.9	39.9	28.9	168.5	**610.2**
Net book value at 31 December 2022	**1,418.4**	174.3	72.3	2.3	114.0	**362.9**

Other intangible assets
Computer software additions of £20.4m (2021: £19.4m) relates to separately acquired computer software of £6.9m (2021: £7.8m) and internally developed intangible assets of £13.5m (2021: £11.6m).

The other acquisition intangibles net book value of £2.3m (2021: £3.3m) consists of guaranteed income, order backlog, licences and non-compete covenants.

The average remaining amortisation period for customer relationships is seven years (2021: eight years).

As a result of the Group's cost reduction programme initiated in 2022, there were two individual technology assets no longer in use which resulted in an impairment of £12.9m (2021: £nil) with the cost recognised in SDI as a restructuring cost (see note 3).

Computer software net book value of £114.0m (2021: £115.1m) includes software in construction of £42.8m (2021: £59.3m). Research and development expenditure of £37.6m (2021: £27.1m) 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:

	2022 £m	2021 £m
Products	**-**	412.9
Trade	**-**	0.4
Resources	**66.6**	–
At 31 December	**66.6**	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:

	2022 pre-tax discount rate	2022 £m	2021 £m
Industry Services	9.0%	**83.4**	14.4
Business Assurance	9.3%	**715.6**	663.3
Food & AgriWorld	9.3%	**44.0**	39.0
Caleb Brett	9.9%	**58.1**	53.7
Government & Trade Services	9.3%	**0.8**	0.8
Minerals	10.2%	**38.8**	37.0
Softlines	9.2%	**6.1**	6.1
Hardlines	9.1%	**8.8**	7.8
Electrical & Connected World	9.2%	**93.4**	85.7
Transportation Technologies	9.2%	**46.9**	42.4
Building & Construction	9.4%	**238.2**	212.2
Chemicals & Pharma	10.2%	**84.3**	79.0
Net book value at 31 December*		**1,418.4**	1,241.4

* 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 was no impairment of goodwill for Clean Energy Associates, LLC ('CEA') from the date of acquisition to 31 December 2022. There would be no impact on the impairment review through the inclusion of CEA within the CGU review. No impairments were required on goodwill arising in 2022 (2021: 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% (2021: 1.7% 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 9.0% to 10.2% (2021: 8.1% to 10.4%). The underlying cashflows include consideration of the potential impact of inflation.

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 2023 to 2027 from the 2023 budgeted revenues, with margins increasing with base assumptions.
(ii) Assuming zero growth in operating profit margins in 2023 to 2027 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.

10 Acquisitions

Acquisitions in 2022

On 1 August 2022 the Group acquired Clean Energy Associates, LLC ('CEA') a market-leading independent provider of Quality Assurance, supply chain traceability and technical services to the fast-growing solar energy and energy storage sectors with a headquarters in the USA and an operation based in China, for a purchase price of US$112.4m (£92.2m). Purchase consideration net of cash acquired was US$96.1m (£78.8m). The purchase price includes cash consideration of £79.3m and a further contingent consideration payable of £12.9m. Goodwill of £66.6m was generated in this purchase.

The acquisition of CEA is in line with our 5x5 strategy, which aims to further strengthen our TQA value proposition and expand our presence in attractive markets with long-term growth opportunities. CEA will strengthen Intertek's assurance offering by creating a truly end-to-end value proposition in the solar energy value chain for customers globally.

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.

Clean Energy Associates LLC Total	2022 Provisional fair value to Group on acquisition £m
Property, plant and equipment	0.1
Goodwill	66.6
Other intangible assets	15.3
Trade and other receivables	5.9
Trade and other payables	(5.5)
Provisions for liabilities and charges	–
Deferred tax liabilities	(3.6)
Net assets acquired (net of cash acquired)	**78.8**

Goodwill and intangible assets

The total goodwill arising on acquisitions made during 2022 was £66.6m, of which £nil 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 £15.3m 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 £3.6m.

Consideration paid

The total cash consideration for the acquisitions in the year was £79.3m (2021: £496.7m), with further contingent consideration payable of £12.9m (2021: £0.1m), which is recognised in note 13. Cash consideration includes cash acquired of £13.4m (2021: £15.8m). The estimated purchase price net of cash was £65.9m (2021: £480.9m), of which £2.7m has been paid in January 2023.

Contribution of acquisitions to revenue and profits

In total, acquisitions made during 2022 contributed revenues of £11.9m (2021: £44.2m) and a statutory net profit after tax of £2.1m (2021: £2.4m) from the date of acquisition to year-end. The Group revenue and statutory profit after tax for the year ended 31 December 2022 would have been £3,209.5m and £307.4m respectively if the acquisitions were assumed to have been made on 1 January 2022.

Acquisition-related costs

Acquisition-related costs of £1.3m are included in operating costs in the consolidated income statement as an SDI (see note 3) and in operating cash flows in the consolidated statement of cash flows.

Notes to the financial statements Continued

10 Acquisitions Continued

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 TQA value proposition and expand our presence in attractive markets with long-term growth opportunities.

On 1 July 2021 the Group acquired the trade and assets of Apras Sicea France ('ASF'), a specialist in inspection and testing of petroleum, petrochemical and related products, for a purchase price of EUR0.6m (£0.5m net of cash acquired) generating goodwill of £0.4m.

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

The net assets acquired and fair value adjustments are set out in the following tables.

SAI Global Standards and Assurance Total	2021 Fair value to Group on acquisition £m
Property, plant and equipment	3.7
Goodwill	388.4
Other intangible assets	99.6
Trade and other receivables	54.6
Trade and other payables	(74.9)
Provisions for liabilities and charges	(0.1)
Deferred tax liabilities	(19.5)
Minority Interest acquired	(1.7)
Net assets acquired	**450.1**

Others Total	2021 Fair value to Group on acquisition £m
Property, plant and equipment	2.4
Goodwill	24.9
Other intangible assets	8.9
Inventories	0.1
Trade and other receivables	0.7
Trade and other payables	(3.1)
Deferred tax liabilities	(3.0)
Net assets acquired	**30.9**

The provisional fair values disclosed in 2021 have been updated for SAI, resulting in an increase in goodwill of £5.8m and movements in property, plant and equipment, trade and other receivables, trade and other payables and deferred tax liabilities. These fair value adjustments were made in the 12 months following the acquisitions and are now final.

Key assumptions

The key assumptions in deriving the contingent consideration to be recognised include the weighted probability of making a payout and the discount rate used to bring the cash flow back to present values. The discount rates used for the calculation are aligned with the discount rates used for impairment purposes as set out in note 9.

Sensitivity analysis

It is estimated that an increase of 1% in the discount rate used to calculate the contingent consideration would have decreased the financial liability by £0.2m, and a 1% decrease in the discount rate would have increased the financial liability by £0.2m. It has also been estimated that an increase of 10% in the probability used to calculate the contingent consideration would have increased the financial liability by £1.3m, whilst a decrease of 10% in the probability used would have decreased the financial liability by £1.3m.

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.

Notes to the financial statements Continued

11 Trade and other receivables Continued

Trade and other receivables

Trade and other receivables are analysed below:

	Current 2022 £m	Current 2021 £m	Non-current 2022 £m	Non-current 2021 £m
Trade receivables	**519.2**	450.5	**13.1**	–
Contract assets	**100.4**	108.5	**-**	–
Other receivables	**59.4**	57.9	**8.4**	–
Prepayments	**47.4**	45.0	**-**	–
Total trade and other receivables	**726.4**	661.9	**21.5**	–

Trade receivables and contract assets are shown net of allowance for impairment losses of £13.9m (2021: £13.8m) and £1.7m (2021: £1.6m) respectively. Net impairment on trade receivables and contract assets charged as part of operating costs was £9.4m (2021: £4.5m credit) and £0.1m (2021: £nil) 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. Non-current receivables are discounted to the present value using an appropriate discount rate.

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

	2022 £m	2021 £m
Under 3 months	**514.9**	457.6
Between 3 and 6 months	**85.4**	46.6
Between 6 and 12 months	**27.9**	20.8
Over 12 months	**20.1**	49.4
Gross trade receivables and contract assets	**648.3**	574.4
Allowance for impairment	**(15.6)**	(15.4)
Trade receivables and contract assets, net of allowance	**632.7**	559.0

Included in trade receivables under three months of £418.4m (2021: £384.6m) are trade receivables of £365.2m (2021: £340.7m) that are not yet due for payment.

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

Impairment allowance for doubtful trade receivables and contract assets	2022 £m	2021 £m
At 1 January	**15.4**	24.2
Exchange differences	**1.9**	(0.6)
Acquisitions	**0.2**	2.1
Net impairment loss/(gain) recognised	**9.5**	(4.5)
Receivables written off	**(11.4)**	(5.8)
At 31 December	**15.6**	15.4

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 £2.2m. There were no material individual impairments of trade receivables or contract assets.

Notes to the financial statements Continued

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 2022 £m	Current 2021 £m	Non-current 2022 £m	Non-current 2021 £m
Trade payables	**172.1**	153.4	**0.7**	0.9
Other payables	**85.9**	83.4	**19.5**	15.5
Accruals	**308.4**	296.2	**7.8**	9.4
Contract liabilities	**156.8**	134.8	**6.6**	6.1
Total trade and other payables	**723.2**	667.8	**34.6**	31.9

The Group's exposure to liquidity risk related to trade payables is disclosed in note 14. £113.3m of contract liabilities at the end of 2021 was recognised in revenue in 2022 (2021: £80.5m).

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 2022, this arrangement was applicable to trade payables totalling £1.6m (2021: £2.8m).

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 2022	0.3	3.7	9.7	13.7
Exchange adjustments	0.3	0.3	0.1	0.7
Provided in the year:	-	5.5	18.2	23.7
in respect of current year acquisitions	16.1	-	-	16.1
in respect of prior year acquisitions	0.6	-	-	0.6
Released during the year	-	(0.9)	(3.1)	(4.0)
Utilised during the year	(0.1)	(3.6)	(16.7)	(20.4)
At 31 December 2022	**17.2**	**5.0**	**8.2**	**30.4**
Included in:				
Current liabilities	2.7	5.0	8.1	15.8
Non-current liabilities	14.5	-	0.1	14.6
At 31 December 2022	**17.2**	**5.0**	**8.2**	**30.4**

The maximum contingent consideration, on a discounted basis, that could be paid in relation to acquisitions is £141.6m. Further detail on the timing of the cash flow can be found in note 14. The contingent consideration is a financial liability discounted to the present value of the redemption amount held at fair value through profit and loss with the measurement basis disclosed in note 14. The £2.7m current liability is the closing statement payment for the CEA acquisition which has been paid in January 2023.

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 £5.0m (2021: £3.7m) 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 £8.2m (2021: £9.7m) includes restructuring provisions. The timing of the cash outflow is uncertain, but is likely to be within one year.

Notes to the financial statements Continued

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 IFRS 16; 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.

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 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 foreign currency forwards, to hedge economically its exposure to foreign exchange 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.

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 30 June 2023.

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

Impairment

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

Net financing costs

Net financing costs are shown below:

Recognised in income statement	2022 £m	2021 £m
Finance income		
Interest on bank balances	2.2	1.5
Total finance income	2.2	1.5
Finance expense		
Interest on borrowings	(29.6)	(17.7)
Net pension interest income/(cost) (note 16)	0.1	(0.1)
Foreign exchange differences on revaluation of net monetary assets and liabilities	8.6	2.3
Leases – IFRS 16	(10.2)	(9.0)
Facility fees and other*	(3.7)	3.2
Total finance expense*	(34.8)	(21.3)
Net financing costs*	(32.6)	(19.8)

* Includes £0.7m cost (2021: £8.6m income) relating to SDIs.

Analysis of net debt

	2022 £m	2021 £m
Cash and cash equivalents per the statement of financial position	321.6	265.9
Overdrafts	(0.9)	(1.9)
Cash per the statement of cash flows	320.7	264.0

The components of net debt are outlined below:

	1 January 2022 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2022 £m
Cash	264.0	51.7	-	5.0	320.7
Borrowings:					
Revolving credit facility US$850m 2027	(65.9)	71.9	-	(6.0)	-
Senior notes US$140m 2022	(103.8)	103.0	-	0.8	-
Acquisition facility 'B' AU$264.1m 2022	(141.9)	143.7	-	(1.8)	-
Acquisition facility 'B' US$290.7m 2022	(215.5)	218.2	-	(2.7)	-
Senior notes US$160m 2023	(118.6)	(0.1)	-	(14.4)	(133.1)
Acquisition facility 'A' AU$88.0m 2023	(47.3)	-	-	(2.1)	(49.4)
Acquisition facility 'A' US$96.9m 2023	(72.0)	0.2	-	(8.8)	(80.6)
Senior notes US$125m 2024	(92.7)	-	-	(11.3)	(104.0)
Senior notes US$120m 2025	(88.8)	(0.2)	-	(10.8)	(99.8)
Senior notes US$75m 2026	(55.5)	(0.1)	-	(6.8)	(62.4)
Senior notes US$150m 2027	-	(109.4)	-	(15.4)	(124.8)
Senior notes US$165m 2028	-	(123.8)	-	(13.5)	(137.3)
Senior notes US$165m 2029	-	(123.8)	-	(13.5)	(137.3)
Senior notes US$160m 2030	-	(120.0)	-	(13.1)	(133.1)
Other*	4.7	-	(1.5)	-	3.2
Total borrowings	(997.3)	59.6	(1.5)	(119.4)	(1,058.6)
Total net financial debt	(733.3)	111.3	(1.5)	(114.4)	(737.9)
Lease liabilities	(292.3)	81.4	(92.4)	(18.9)	(322.2)
Total net debt	(1,025.6)	192.7	(93.9)	(133.3)	(1,060.1)

* Includes other uncommitted borrowings of £0.8m (2021: £0.8m) and facility fees of £4.0m (2021: £5.5m).

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

	1 January 2021 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2021 £m
Cash	183.4	86.6	–	(6.0)	264.0
Borrowings:					
Revolving credit facility US$850m 2027	(135.5)	61.5	–	8.1	(65.9)
Senior notes US$15m 2021	(11.1)	10.9	–	0.2	–
Senior notes US$140m 2022	(103.7)	–	–	(0.1)	(103.8)
Acquisition facility 'B' AU$264.1m 2022	–	(142.0)	–	0.1	(141.9)
Acquisition facility 'B' US$290.7m 2022	–	(210.9)	–	(4.6)	(215.5)
Senior notes US$160m 2023	(118.5)	–	–	(0.1)	(118.6)
Acquisition facility 'A' AU$88.0m 2023	–	(47.3)	–	–	(47.3)
Acquisition facility 'A' US$96.9m 2023	–	(70.3)	–	(1.7)	(72.0)
Senior notes US$125m 2024	(92.6)	–	–	(0.1)	(92.7)
Senior notes US$120m 2025	(88.8)	–	–	–	(88.8)
Senior notes US$75m 2026	(55.5)	–	–	–	(55.5)
Other*	2.4	(0.8)	3.1	–	4.7
Total borrowings	(603.3)	(398.9)	3.1	1.8	(997.3)
Total net financial debt	(419.9)	(312.3)	3.1	(4.2)	(733.3)
Lease liabilities	(224.2)	70.4	(142.4)	3.9	(292.3)
Total net debt	(644.1)	(241.9)	(139.3)	(0.3)	(1,025.6)

Borrowings

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

	Current 2022 £m	Current 2021 £m	Non-current 2022 £m	Non-current 2021 £m
Senior term loans and notes	**263.1**	461.2	**798.7**	540.8
Other borrowings	**(1.6)**	(1.1)	**(1.6)**	(3.6)
Total borrowings	**261.5**	460.1	**797.1**	537.2

Analysis of debt	2022 £m	2021 £m
Debt falling due:		
In one year or less	**261.5**	460.1
Between one and two years	**103.0**	236.4
Between two and five years	**286.0**	235.3
Over five years	**408.1**	65.5
Total borrowings	**1,058.6**	997.3

Description of borrowings

Total undrawn committed borrowing facilities as at 31 December 2022 were £707.3m (2021: £564.2m).

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 2026-2027. 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 2022 were £nil (2021: £65.9m).

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 repaid in March 2022 and the balance of £130.0m repayable on 7 September 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 2022 were £130.0m (2021: £476.7m).

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

Private placement bonds
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 repaid 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%. The repayment on 14 February 2023 was funded from the existing revolving credit facility.

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. These notes were 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:

	2022 £m	2021 £m
Analysis of lease liabilities falling due:		
Current:		
Repayable in less than 1 year	**80.5**	71.8
Non-current:		
Repayable in 1–2 years	**61.2**	56.6
Repayable in 2–5 years	**106.5**	98.2
Repayable in more than 5 years	**161.0**	150.5
Total lease liabilities	**409.2**	377.1

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 Financial review in Book one, pages 28 to 33.

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:

	2022 £m	2021 £m
Trade receivables, net of allowance (note 11)	**532.3**	450.5
Cash and cash equivalents	**320.7**	264.0
Total	**853.0**	714.5

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	2022 £m	2021 £m
Asia Pacific	**141.4**	130.2
Americas	**205.9**	175.9
Europe, Middle East and Africa	**185.0**	144.4
Total	**532.3**	450.5

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.

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

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):

2022	Carrying amount £m	Contractual cash flows £m	Six months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than five years £m
Non-derivative financial liabilities/(assets)							
Senior term loans and notes	1,061.8	1,170.4	47.4	244.1	123.4	337.1	418.4
Other loans	(3.2)	0.8	-	-	-	0.2	0.6
Trade payables (note 12)	172.8	172.8	164.2	7.9	0.7	-	-
Lease liabilities	322.2	409.2	41.4	39.1	61.2	106.5	161.0
Contingent consideration (note 13)	17.2	17.2	2.8	-	0.8	13.6	-
	1,570.8	1,770.4	255.8	291.1	186.1	457.4	580.0
Derivative financial liabilities/(assets)							
Foreign currency forwards							
Outflow	2.8	1,069.7	1,069.7	-	-	-	-
Inflow	(1.1)	(1,068.0)	(1,068.0)	-	-	-	-
	1.7	1.7	1.7	-	-	-	-
Total	1,572.5	1,772.1	257.5	291.1	186.1	457.4	580.0

2021	Carrying amount £m	Contractual cash flows £m	Six months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than five years £m
Non-derivative financial liabilities/(assets)							
Senior term loans and notes	1,002.0	1,035.3	112.5	366.2	243.5	247.4	65.7
Other loans	(4.7)	0.8	–	0.8	–	–	–
Trade payables (note 12)	154.3	154.3	149.5	3.9	0.7	0.2	–
Lease liabilities	292.3	377.1	37.6	34.2	56.6	98.2	150.5
Contingent consideration (note 13)	0.3	0.3	–	0.1	–	0.2	–
	1,444.2	1,567.8	299.6	405.2	300.8	346.0	216.2
Derivative financial liabilities/(assets)							
Foreign currency forwards							
Outflow	–	928.3	928.3	–	–	–	–
Inflow	(0.8)	(929.1)	(929.1)	–	–	–	–
	(0.8)	(0.8)	(0.8)	–	–	–	–
Total	1,443.4	1,567.0	298.8	405.2	300.8	346.0	216.2

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.

Sensitivity

At 31 December 2022, 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 £11.6m (2021: £9.6m). This analysis assumes all other variables remain constant.

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

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:

2022	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Other currencies £m
Cash	320.7	72.9	85.5	42.3	0.7	119.3
Trade receivables (note 11)	532.3	37.7	216.5	39.5	6.5	232.1
Trade payables (note 12)	172.8	25.6	55.7	20.1	2.7	68.7

2021	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Other currencies £m
Cash	264.0	10.7	79.3	54.9	(0.8)	119.9
Trade receivables (note 11)	450.5	34.4	209.5	40.1	6.9	159.6
Trade payables (note 12)	154.3	15.9	55.4	16.7	2.0	64.3

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

At 31 December 2021, the Group had AU$264.1m drawn against the US$692m Acquisition Facility, which was repaid in March 2022.

A proportion of the Australian dollar debt was hedged using a 264m AUD/GBP currency forward contract, that matured in March 2022, to eliminate changes in the cash flows of the Australian dollar principal repayment related to changes in foreign exchange rates.

In 2022, a £1.9m gain relating to the Australian dollar hedge was allocated to the income statement.

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 2022 was £1,061.8m (2021: £845.1m).

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. The hedges remained outstanding as at 31 December 2021 and were settled during March 2022.

Notes to the financial statements Continued

14 Borrowings and financial instruments Continued

A foreign exchange loss of £120.0m (2021: £4.0m 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:

2022	Nominal amounts in local currency	Carrying value £m	Other comprehensive income: 1 January 2022 £m	Other comprehensive income: Fair value gain/(loss) deferred to OCI £m	Other comprehensive income: FX (gain)/loss recycled to the income statement £m	Other comprehensive income: Hedges closed in year £m	Other comprehensive income: 31 December 2022 £m
Cash flow hedges – foreign exchange and interest rate risk							
Foreign currency forward – continuing	-	-	-	1.9	(1.9)	-	-
Hedges of net investment in a foreign operation – foreign exchange risk							
Foreign currency forward – continuing	-	-	3.0	(1.8)	-	(1.2)	-
Forward currency forward – discontinued	-	-	-	-	-	1.2	1.2
Cross currency interest rate swaps – discontinued	-	-	(19.0)	-	-	-	(19.0)
Foreign currency borrowings – continuing	£1,061.8m	1,061.8	(46.5)	(118.2)	-	19.2	(145.5)
Foreign currency borrowings – discontinued	-	-	(176.1)	-	-	(19.2)	(195.3)
		1,061.8	(238.6)	(118.1)	(1.9)	-	(358.6)

The Group entered into AU$264m of foreign currency forwards which paid USD and received AUD; matured in March 2022. The foreign currency forwards were 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 were GBP/USD 1.3209 and GBP/AUD 1.8388.

2021	Nominal amounts in local currency	Carrying value £m	Other comprehensive income: 1 January 2021 £m	Other comprehensive income: Fair value gain/(loss) deferred to OCI £m	Other comprehensive income: FX (gain)/loss recycled to the income statement £m	Hedges closed in year £m	31 December 2021 £m
Cash flow hedges – foreign exchange and interest rate risk							
Foreign currency forward – continuing	AU$264m	(1.8)	–	(1.8)	1.8	–	–
Hedges of net investment in a foreign operation – foreign exchange risk							
Foreign currency forward – continuing	US$189.6m	3.0	–	3.0	–	–	3.0
Cross currency interest rate swaps – discontinued	–	–	(19.0)	–	–	–	(19.0)
Foreign currency borrowings – continuing	£845.1m	845.1	(50.4)	1.0	–	2.9	(46.5)
Foreign currency borrowings – discontinued	–	–	(173.2)	–	–	(2.9)	(176.1)
		846.3	(242.6)	2.2	1.8	–	(238.6)

The foreign currency forwards previously designated in discontinued hedge relationships were disclosed within other receivables in the statement of financial position.

Foreign currency denominated loans and their corresponding hedged items are matched and the Group expects highly effective hedging relationships. Net ineffectiveness on the net investment hedges recognised in the income statement was nil.

Hedge ineffectiveness may occur if there are insufficient net assets in foreign currency to match hedging instruments in the relevant currency.

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$1,120.0m senior notes, AUD88.0m and US$96.9m acquisition facilities are included within 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 gain of £1.9m 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 2022 by approximately £20.4m (2021: £24.7m). 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 £96.5m (2021: £89.7m) 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 2022 £m	Fair value 2022 £m	Book value 2021 £m	Fair value 2021 £m
Financial assets				
Cash and cash equivalents	**320.7**	**320.7**	264.0	264.0
Trade receivables (note 11)	**532.3**	**532.3**	450.5	450.5
Foreign currency forwards*	**1.1**	**1.1**	0.8	0.8
Total financial assets	**854.1**	**854.1**	715.3	715.3
Financial liabilities				
Interest-bearing loans and borrowings	**1,058.6**	**936.8**	997.3	1,003.3
Trade payables (note 12)	**172.8**	**172.8**	154.3	154.3
Foreign currency forwards*	**2.8**	**2.8**	–	–
Contingent consideration**	**17.2**	**17.2**	0.3	0.3
Total financial liabilities	**1,251.4**	**1,129.6**	1,151.9	1,157.9

* Foreign currency forwards are categorised as Level 2, under which the fair value is measured using inputs other than quoted prices observable for the asset or 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	2022 number	2022 £m	2021 £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 (2021: nil) ordinary shares in respect of all share plans.

Purchase of own shares for trust

During the year ended 31 December 2022, the Company financed the purchase of 45,000 (2021: 216,310) of its own shares with an aggregate nominal value of £450 (2021: £2,163) for £2.3m (2021: £11.4m) 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, 187,139 shares were utilised to satisfy the vesting of share awards (note 17). At 31 December 2022, the ESOT held 132,407 shares (2021: 274,546 shares) with an aggregate nominal value of £1,324 (2021: £2,745). The associated cash outflow of £2.3m (2021: £11.4m) has been presented as a financing cash flow.

Notes to the financial statements Continued

15 Capital and reserves Continued

Dividends	2022 £m	2022 Pence per share	2021 £m	2021 Pence per share
Amounts recognised as distributions to equity holders:				
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
Final dividend for the year ended 31 December 2021	**115.5**	**71.6**	–	–
Interim dividend for the year ended 31 December 2022	**55.1**	**34.2**	–	–
Dividends paid	**170.6**	**105.8**	170.6	105.8

After the reporting date, the Directors proposed a final dividend of 71.6p per share in respect of the year ended 31 December 2022, which is expected to amount to £115.5m. 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 15 June 2023.

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 was 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:

	2022 £m	2021 £m
Defined contribution schemes	**(59.6)**	(51.4)
Defined benefit schemes – current service cost and administration expenses	**(1.9)**	(2.4)
Pension cost included in operating profit (note 5)	**(61.5)**	(53.8)

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 2022, and for IAS 19 accounting purposes has been updated to 31 December 2022. The Switzerland Scheme was valued for IAS 19 purposes as at 31 December 2022. The average duration of the schemes' liabilities are 13 years for both the United Kingdom and Switzerland schemes.

Notes to the financial statements Continued

16 Employee benefits Continued

Defined benefit schemes

The cost of defined benefit schemes

The amounts recognised in the income statement were as follows:

	2022 £m	2021 £m
Current service cost	**(1.5)**	(2.0)
Scheme administration expenses	**(0.4)**	(0.4)
Net pension interest cost (note 14)	**0.1**	(0.1)
Total charge	**(1.8)**	(2.5)

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.

Included in other comprehensive income:

	2022 £m	2021 £m
Remeasurements arising from:		
Demographic assumptions	**(0.6)**	(1.4)
Financial assumptions	**52.3**	8.1
Experience adjustment	**(5.3)**	(2.1)
Asset valuation	**(29.8)**	7.5
Other	**0.8**	(0.6)
Total	**17.4**	11.5

Company contributions

The Company assessed the triennial actuarial valuation for the United Kingdom Scheme and its impact on the scheme funding plan in 2022 and future years. In 2023 the Group expects to make normal contributions of £0.6m (2022: £0.6m) and a special contribution of £nil (2022: £2.0m). The next triennial valuation is due to take place as at 31 March 2025 and will include a review of the Company's future contribution requirements.

Pension asset/liability for defined benefit schemes

The amounts recognised in the statement of financial position for defined benefit schemes were as follows:

31 December 2022	United Kingdom Scheme £m	Switzerland Scheme £m	Total £m
Fair value of scheme assets	108.2	12.9	121.1
Present value of funded defined benefit obligations	(86.9)	(15.1)	(102.0)
Surplus/(Deficit) in schemes	21.3	(2.2)	19.1

The fair value changes in the scheme assets are shown below:

	2022 £m	2021 £m
Fair value of scheme assets at 1 January	**155.4**	150.4
Interest income	**2.7**	1.8
Normal contributions by the employer	**1.3**	1.3
Special contributions by the employer	**2.0**	2.0
Contributions by scheme participants	**0.6**	0.6
Benefits paid	**(4.2)**	(7.2)
Effect of exchange rate changes on overseas schemes	**1.5**	(0.6)
Remeasurements	**(29.8)**	7.5
Scheme administration expenses	**(0.4)**	(0.4)
Settlements*	**(8.0)**	–
Fair value of scheme assets at 31 December	**121.1**	155.4

* Settlements represent transfer to the reinsurer of assets and legal obligations related to the benefits provided to inactive members of part of the Switzerland Scheme.

Asset allocation

Investment statements were provided by the investment managers which showed that, as at 31 December 2022, the invested assets of the United Kingdom Scheme totalled £108.2m (2021: £137.0m), broken down as follows.

	United Kingdom Scheme	
Asset class	2022 £m	2021 £m
Equities	**44.2**	72.1
Property	**4.5**	5.2
Liability-Driven Investment*	**11.8**	16.8
Corporate debt instruments	**37.9**	38.0
Cash	**9.8**	4.9
Total	**108.2**	137.0

* 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.

Notes to the financial statements Continued

16 Employee benefits Continued

The United Kingdom Scheme had bank account assets of £9.6m as at 31 December 2022 (2021: £1.2m).

The United Kingdom Scheme invested assets comprising both quoted and unquoted assets. The value of quoted assets in 2022 was £11.7m (2021: £17.3m), included within equities in the above table, with the remaining assets being unquoted. The invested assets of the Switzerland Scheme comprise cash in savings and contribution accounts. The Switzerland Scheme is fully insured.

Changes in the present value of the defined benefit obligations were as follows:

	2022 £m	2021 £m
Defined benefit obligations at 1 January	**154.0**	162.5
Current service cost	**1.5**	2.0
Interest cost	**2.6**	1.9
Contributions by scheme participants	**0.7**	0.2
Benefits paid	**(4.2)**	(7.2)
Effect of exchange rate changes on overseas schemes	**1.8**	(0.7)
Remeasurements	**(46.4)**	(4.7)
Settlements	**(8.0)**	–
Defined benefit obligations at 31 December	**102.0**	154.0

Principal actuarial assumptions:

	United Kingdom Scheme		Switzerland Scheme	
	2022 %	2021 %	2022 %	2021 %
Discount rate	**4.85**	1.9	**2.3**	0.35
Inflation rate (based on CPI)	**2.1**	2.25	**n/a**	n/a
Rate of salary increases	**-**	–	**1.75**	1.0
Rate of pension increases:				
CPI subject to a maximum of 5% p.a.	**2.15**	2.25	**n/a**	n/a
Increases subject to a maximum of 2.5% p.a.	**1.7**	1.8	**n/a**	n/a

The Switzerland Scheme is an insured plan.

Life expectancy assumptions at year-end for:

	United Kingdom Scheme		Switzerland Scheme	
	2022	2021	2022	2021
Male aged 40	**48.4**	47.8	**49.4**	49.1
Male aged 65	**21.7**	21.8	**22.0**	22.6
Female aged 40	**50.6**	50.1	**51.0**	50.9
Female aged 65	**23.8**	23.9	**23.7**	24.4

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 2022 for the United Kingdom Scheme are S3PA tables, based on the CMI 2021 mortality projection model with a 1.25% long-term annual rate for future improvements. In 2021 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 2022 and 2021 is the BVG2020, 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 2022 of the two main assumptions:

	UK Scheme	
Change in assumptions	Liabilities £m	Increase/ (decrease) in surplus/ deficit £m
No change	**86.9**	**-**
0.25% rise in discount rate	**84.1**	**(2.7)**
0.25% fall in discount rate	**89.8**	**2.9**
0.25% rise in inflation	**88.3**	**1.4**
0.25% fall in inflation	**85.4**	**(1.5)**

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 £3.1m and decreases by £3.1m, 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 18.5% of salary, plus £0.2m per year to fund scheme expenses and has made an additional contribution of £2.0m in 2022 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 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 four months.

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 ten-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 2022 were made under the 2021 Plan on 11 March 2022. The awards under these plans vest three years after grant date, subject to fulfilment of the non-market based performance conditions.

	2022			2021		
Outstanding awards	**Deferred Share Awards**	**LTIP Share Awards**	**Total awards**	**Deferred Share Awards**	**LTIP Share Awards**	**Total awards**
At beginning of year	**662,706**	**791,842**	**1,454,548**	784,932	889,937	1,674,869
Granted*	**323,181**	**359,589**	**682,770**	200,550	325,562	526,112
Vested**	**(251,311)**	**-**	**(251,311)**	(246,474)	(103,321)	(349,795)
Forfeited	**(60,383)**	**(341,015)**	**(401,398)**	(76,302)	(320,336)	(396,638)
At end of year	**674,193**	**810,416**	**1,484,609**	662,706	791,842	1,454,548

* Includes 15,388 Deferred Share Awards (2021: 11,298) and 21,150 LTIP Share Awards (2021: 16,232) granted in respect of dividend accruals.

** Of the 251,311 awards vested in 2022, nil were satisfied by the issue of shares and 170,968 by the transfer of shares from the ESOT (see note 15). The balance of 80,343 awards represented a tax liability of £4.1m (2021: £6.3m) which was settled in cash on behalf of employees by the Group, of which £3.6m 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 in Book two, pages 78 to 103.

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.

	2022		2021	
Outstanding awards	**Deferred Share Awards**	**Total awards**	**Deferred Share Awards**	**Total awards**
At beginning of year	**37,368**	**37,368**	45,881	45,881
Granted*	**22,420**	**22,420**	33,641	33,641
Vested**	**(21,984)**	**(21,984)**	(31,308)	(31,308)
Forfeited	**-**	**-**	(10,846)	(10,846)
At end of year	**37,804**	**37,804**	37,368	37,368

* Includes 1,119 Deferred Share Awards (2021: 1,180) granted in respect of dividend accruals.

** Of the 21,984 awards vested in 2022, 16,171 were satisfied by the transfer of shares from the ESOT (see note 15). The balance of 5,813 awards represented a tax liability of £0.3m 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 2022, the Group recognised an expense of £17.5m (2021: £18.6m). The fair values and the assumptions used in their calculations are set out below:

	2022 Awards		
	Deferred Share Awards	Share Awards	LTIP Share Awards
Fair value at measurement date (pence)	4,636	4,845	4,180
Share price (pence)	4,636	4,845	4,180
Time to maturity (years)	1–3	3	3

	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
Time to maturity (years)	1–3	3	3

The weighted-average exercise prices of all share awards in the year are £nil (2021: £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. From 2020 the LTIP Share Awards were granted under performance-related non-market conditions only.

18 Subsequent events

On 14 February 2023, funded from the existing revolving credit facility, a US$40m senior note at a fixed annual interest rate of 3.10% was repaid.

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 £733.3m at 31 December 2021 to £737.9m at 31 December 2022. The Group has a strong balance sheet with financial net debt to EBITDA of 1.1.

During 2022, the Group has continued the working capital focus and through disciplined performance management, working capital has reduced by £4.5m to negative £47.8m. Working capital is defined on page 3.

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 2022 was 18.0% (2021: 18.2%). Adjusted diluted earnings per share is a key measure of value creation for the Board and for shareholders and in 2022 was 211.1p (2021: 190.8p).

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 2022 and reduced leverage, the recommended final dividend is 71.6p bringing the full-year dividend to 105.8p, which is in line with 2021, and the dividend payout ratio to 50%.

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:

	2022 £m	2021 £m
At 1 January	32.3	28.0
Exchange adjustments	0.3	1.0
Share of profit for the year	18.0	18.6
Adjustment arising from changes in non-controlling interest	-	1.7
Dividends paid to non-controlling interest	(16.6)	(17.0)
At 31 December	**34.0**	32.3

21 Related parties

Identity of related parties

The Group has a related party relationship with its key management. Balances and 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:

	2022 £m	2021 £m
Short-term benefits	9.8	9.7
Post-employment benefits	0.7	0.8
Equity-settled transactions	3.6	7.7
Total	**14.1**	18.2

More detailed information concerning Directors' remuneration, shareholdings, pension entitlements and other long-term incentive plans is shown in the audited parts of the Remuneration report in Book two, pages 92 to 101. Apart from the above, no member of key management had a personal interest in any business transactions of the Group.

22 Contingent liabilities

	2022 £m	2021 £m
Guarantees, letters of credit and performance bonds	**40.0**	28.7

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.

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 2022. 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 Australia Holdings Pty Limited (i)	Australia	Holding
Intertek Finance plc	England	Finance
Intertek Holdings Limited (ii)	England	Holding
Intertek Technical Services, Inc. (iii)	USA	Trading
Intertek Testing Services Holdings Limited (ii)	England	Holding
Intertek Testing Services Hong Kong Limited (iv)	Hong Kong	Trading
Intertek Testing Services Limited Shanghai (v)	China	Trading
Intertek Testing Services NA, Inc. (vi)	USA	Trading
Intertek Testing Services Shenzhen Limited (vii)	China	Trading
Intertek USA, Inc. (viii)	USA	Trading
Intertek USD Finance Limited	England	Finance
Labtest Hong Kong Limited (ix)	Hong Kong	Trading
RCG-Moody International Limited	England	Holding
Testing Holdings USA, Inc. (vi)	USA	Holding

(i) Registered office address: 544 Bickley Road, Maddington WA 6109, Australia.
(ii) Directly owned by Intertek Group plc.
(iii) Registered office address is: 25025 I-45, Suite 300, Spring, TX 77380, United States.
(iv) Registered office address is: 2/F Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.
(v) 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.
(vi) Registered office address is: 3933 US Route 11, Cortland, NY 13045, United States.
(vii) 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.
(viii) Registered office address is: 200 Westlake Park Blvd., Westlake Building 4, Suite 400, Houston, TX 77079, United States.
(ix) Registered office address is: 2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.

Group companies

In accordance with section 409 of the Companies Act 2006, all related undertakings are set out in the following list. Related undertakings comprise subsidiaries, partnerships, associates, joint ventures and joint arrangements. The principal subsidiaries listed above have not been duplicated in the following list.

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 2022. The percentage held by class of share is stated where this is less than 100%. No subsidiary undertakings have been excluded from the consolidation.

Fully owned subsidiaries

0949491 B.C. Limited
1200-925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada

4th Strand, LLC (i) (xv)
1950 Evergreen Boulevard, Suite 100, Duluth, GA 30096, United States

Acucert Labs, LLP (xv)
82/2, Shreyas, 25th Road, Sion West, Mumbai, 400022, India

Acumen Security, LLC
2400 Research Blvd, Suite 395, Rockville, MD 20850, United States

Adelaide Inspection Services Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

Admon Labs Servicios Corporativos y Administrativos, S.A. de C.V.
Boulevard Adolfo Lopez Mateos #2259, Atlamaya, Alvaro Obregon, Ciudad de Mexico, C.P. 01760, Mexico

Advancing Food Safety Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

Ageus Solutions Inc.
255 Michael Cowpland Dr., Suite 200, Ottawa, Ontario, K2M 0M5, Canada

Alchemy Investment Holdings, Inc.
5300 Riata Park Court, Austin, TX 78727, United States

Alchemy Systems, L.P. (xv)
5301 Riata Park Court, Austin, TX 78727, United States

Alchemy Systems Training, Inc.
5300 Riata Park Court, Austin, TX 78727, United States

Alchemy Systems Training Limited

Alchemy Training Technologies, Inc.
1 Germain Street, Suite 1500, Saint John, NB E2L 4V1, Canada

Alta Analytical Laboratory, Inc. (i)
200 Westlake Park Blvd., Westlake Building 4, Suite 400, Houston, TX 77079, United States

Angus Management, LLC (xv)
5300 Riata Park Court, Austin, TX 78727, United States

Anstat Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

Architectural Testing, Inc.
130, Derry Court, York, PA 17406, United States

Architectural Testing Holdings, Inc.
130 Derry Court, York, PA 17406, United States

Bellini & Sandrini Holding LTDA
Rua Carlos Tosin, 860, sala 1, Distrito Industrial, Distrito Industrial, Estado de São Paulo, Brazil

Bigart Ecosystems, LLC (xv)
212 S. Wallace Avenue Bozeman, MT 59715, United States

Notes to the financial statements Continued

23 Principal Group companies Continued

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

Cantox U.S. Inc. (ii)
100 Davidson Avenue, Suite #102, Somerset, NJ 08873, United States

Catalyst Awareness, Inc.
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)
2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

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

Electronic Warfare Associates-Canada, Ltd
1223 Michael Street North, Suite 200, Ottawa, ON K1J 7T2, Canada

Enertech Australia Pty. Limited
544 Bickley Road, Maddington WA 6109, Australia

Entela-Taiwan, Inc
4700 Broadmoor Avenue SE, Suite 200, Kentwood, MI 49512, United States

Esperanza Guernsey Holdings Limited
PO Box 472, St Julian's Court, St Julian's Avenue, St Peter Port, GY1 6AX, Guernsey

Esperanza International Services (Southern Africa) (Pty.) Limited
Charter House, 13 Brand Road, Glenwood, Durban, South Africa

Excel Partnership, Inc.
250 S. Wacker Drive, Suite 1800, Chicago, IL 60606, United States

Fivetix Professional Services Private Limited
F-Wing, I Floor, Tex Centre, 26-A Chandiwali Farm Road, Andheri (East) Mumbai Mumbai City MH 400072, India

Four Front Research (India) Pvt Limited (ii)
Plot# 847, 5th Floor, Near Electricity Substation, Ayyappa Society Road, Madhapur, Hyderabad, Telangana, 500081, India

Frameworks Inc.
1595 Sixteenth Avenue, Suite 301, Richmond Hill, ON L4B 3N9, Canada

Gamatek, S.A. de C.V.
Alanis Valdez #2308, Industrial, Monterrey, Nuevo Leon, Mexico

GCA Calidad y Analisis de Mexico, S.A. de C.V.
Jacarandas #19, San Clemente, Alvaro Obregon, Ciudad de Mexico, C.P. 01740, Mexico

Gellatly Hankey Marine Services (M) Sdn. Bhd.
Unit 30-01 Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

Genalysis Laboratory Services Pty Limited (vi)
544 Bickley Road, Maddington WA 6109, Australia

Geotechnical Services Pty Limited
544 Bickley Road, Maddington WA 6109, Australia

Global Trust Certification (UK) Limited

Global X-Ray & Testing Corporation
112 East Service Road, Morgan City, LA 70380, United States

Global X-Ray Holdings, Inc. (ix)
112 East Service Road, Morgan City, LA 70380, United States

H.P. White Laboratory Inc.
3114 Scarboro Road, Street, MD 21154, United States

Hawks Acquisition Holding, Inc.
545 E. Algonquin Road, Arlington Heights, Illinois 60005, United States

Hi-Tech Holdings, Inc.
CT Corporation System, 1200 S.Pine Island Road, Plantation, FL 33324, United States

Hi-Tech Testing Service, Inc.
CT Corporation System, 1999 Bryan Street Suite 900, Dallas, TX 75201, United States

ILI Infodisk, Incorporated.
205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

ILI Limited

Inspection Services (US), LLC (xv)
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

Notes to the financial statements Continued

23 Principal Group companies Continued

Intertek Aruba N.V.
Lago Heights Straat 28A, San Nicolas, Aruba

Intertek Asset Integrity Management, Inc.
25025 I-45, Suite 300, Spring, TX 77380, United States

Intertek ATI SRL
266-268 Calea Rahovei Street, Building 61, 1st Floor, Sector 5, Bucharest, Romania

Intertek Azeri Limited
2236 Mirza Davud Str., Xatai District, Baku, AZ 1026, Azerbaijan

Intertek BA EOOD
24A Akad. Metodi Popov Str., Floor 5, Sofia, 1113, Bulgaria

Intertek Bangladesh Limited
Phoenix Tower, Plot–407 (3rd Floor), Tejgaon I/A, Dhaka, Bangladesh

Intertek Belgium NV
Kruisschansweg 11, 2040 Antwerp, Belgium

Intertek Burkina Faso Ltd Sarl (i)
Ouagadougou, Secteur 13, Parcelle 21, Lot 11 Section EO Arrondissement de Nongr'Masson, Ouagadougou, 11 GP 1429, Burkina Faso

Intertek C&T Australia Holdings PTY Ltd (i)
544 Bickley Road, Maddington, WA 6109, Australia

Intertek C&T Australia Pty Ltd (i)
Level 3, 235 St Georges Terrace, Perth WA 6000, Australia

Intertek Caleb Brett (Uruguay) S.A. (xiv)
Cerrito 507, 4th Floor, Of. 46 and 47, Montevideo, 11000, Uruguay

Intertek Caleb Brett Chile S.A.
Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

Intertek Caleb Brett El Salvador S.A. de C.V.
Recinto Industrial de RASA zona industrial de Acajutla, Sonsonate, El Salvador

Intertek Caleb Brett Germany GmbH
Georgswerder Bogen 3, D-21109 Hamburg, Germany

Intertek Caleb Brett Panama, Inc.
Zona Procesadora para la Exportacion de Albrook, Building 6, Ancon Panama, Panama

Intertek Caleb Brett Venezuela C.A.
Av. Mohedano, Centro Gerencial Mohedano, piso 4, oficina 4-C, La Castellana, Municipio Chacao, 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 GmbH
Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany

Intertek Certification Japan Limited
Nihonbashi North Square, 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 (ii)
Northpoint Aberdeen Science & Energy Park, Exploration Drive, Bridge of Don, Aberdeen, AB23 8HZ, United Kingdom

Intertek Consulting & Training (USA), Inc. (i)
25025 I-45, Suite 300, Spring, TX 77380, United States

Intertek Consulting & Training Colombia Limitada
Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia

Intertek Consulting & Training Egypt (ii)
46 B Street #7, Maadi, Cairo, Egypt

Intertek Consumer Goods GmbH
Würzburger Strasse 152, 90766 Fürth, Germany

Intertek Curacao N.V.
Barendslaan #3, Rio Canario Willemstad, Curacao, Netherlands Antilles

Intertek de Guatemala SA
46 Calle 21-53 Zona 12, Expobodega 46, Edificio 10, Guatemala Ciudad, Guatemala

Intertek de Nicaragua S.A.
Zona Franca Astro KM 47, Carretera Tipitapa Masaya, Nave 20, Managua, Nicaragua

Intertek Denmark A/S
Dokhavnsvej 3, 4400 Kalundborg, Denmark

Intertek Deutschland GmbH
Stangenstrasse 1, 70771 Leinfelden-Echterdingen, Germany

Intertek DIC A/S
Buen 12, 2, 6000 Kolding, Denmark

Intertek do Brasil Inspecoes Ltda
Av Eng. Augusto Barata s/n, Alamoa, Santos, SP, CEP11095-650, Brazil

Intertek Egypt for Testing Services
2nd Floor, Block 13001, Piece 15, Street 13, First Industrial Zone, (Beside Abou Ghali Motors), Elobour City, Cairo, Egypt

Notes to the financial statements Continued

23 Principal Group companies Continued

Intertek Evaluate AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Intertek Finance No. 2 Ltd (x)

Intertek Finland OY
Teknoublevardi 3-5, FI-01530 Vantaa, Finland

Intertek Food Services GmbH
Olof-Palme-Strasse 8, 28719 Bremen, Germany

Intertek France SAS
ZAC Ecopark 2, 27400, Heudebouville, France

Intertek Fujairah FZC
P.O. Box 1307, Fujairah, United Arab Emirates

Intertek Genalysis (Zambia) Limited
Plot No 25/26 Nkwazi House, Nkwazi and Cha Cha Cha Roads, PO Box 31014, Lusaka, Zambia

Intertek Genalysis Madagascar SA
Saint Denis Terrain II, Parcel 2 Ambatofotsy, Ampandrianomby, Madagascar

Intertek Genalysis South Africa Pty Ltd
544 Bickley Road, Maddington WA 6109, Australia

Intertek Ghana Limited
1st Floor Gian, Towers Office, Number 2 Community, Gian Towers Tema, Accra, Accra Metropolitan, P.O. BOX GP 199, Ghana

Intertek Global (Iraq) Limited

Intertek Global Limited
1st Floor, Liberation House, Castle Street, St Helier, JE1 1GL, Jersey

Intertek Health Sciences Inc. (v)
2233 Argentia Road, Suite # 201, Mississauga, ON L5N 2X7, Canada

Intertek Holding Deutschland GmbH
Stangenstrasse 1, 70771 Leinfelden-Echterdingen, Germany

Intertek Holdings France SAS
ZAC Ecopark 2, 27400 Heudebouville, France

Intertek Holdings Italia SRL (xvi)
Via Guido Miglioli 2/A, Cernusco sul Naviglio, 20063, Milano, Italy

Intertek Holdings Nederland B.V.
Leerlooierstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

Intertek Holdings Norge AS
Oljevegen 2, Tananger, 4056, Norway

Intertek Ibérica Spain, S.L.
Alameda Recalde, 27-5., 48009, Bilbao, Vizcaya, Spain

Intertek India Private Limited
E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

Intertek Industrial Services GmbH
Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany

Intertek Industry and Certification Services (Thailand) Limited
539/2 Gypsum Metropolitan Tower, 11C Fl., Sri-Ayudhaya Road, Tanon – Phayathai Subdistrict, Khet Ratchathewi, Bangkok, 10400, Thailand

Intertek Industry Ghana Ltd
House Number 1, North Industrial Area, Klan, Anoma Ntuu Link, Accra, PO BOX 533, Ghana

Intertek Industry Holdings (Pty) Ltd
53 Phillip Engelbrecht Drive, Woodhill Office Park Building 2, 1st Floor Unit 8B Meyersdal, Gauteng, 1448, South Africa

Intertek Industry Holdings Mozambique Limitada
Cidade de Maputo, Distrito Kampfumo, Baiiro Sommerchield, Avenida 1301 n°97, Mozambique

Intertek Industry Services (S) Pte Ltd
2 International Business Park, #10-09/10, The Strategy, 609930, Singapore

Intertek Industry Services Brasil Ltda
Alameda Rio Negro, 161, room 702 – 7th floor, Alphaville, Barueri-SP, 06454-000-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 North Square, 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 Gabon SARL
Quartier Montagne Sainte – Immeuble Dumez, 2éme étage, Libreville, B.P: 13312, Gabon

Intertek International Guinee S.A.R.L. (i)
Conakry Republique de Guinee, Compte Bancaire: 52481.369.10 0 (SGBG), Conakry Guinea

Intertek International Inc.
8600 NW 17th Street, Suite 100, Miami, FL 33126, United States

Intertek International Kazakhstan, LLC
Building 2A, Abay street, Atyrau City, 060002, Kazakhstan

Intertek International Limited

Intertek International Ltd Egypt
69, Road 161, Intersection with Road 104, Ground Floor, Maadi, Cairo, Egypt

Notes to the financial statements Continued

23 Principal Group companies Continued

Intertek International Nederland BV
Leerlooierstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

Intertek International Niger SARL
BP 2769, 2nd Floor Lot 792 Block Q, Independance Boulevard, Rue GM-20, Niger

Intertek International Suriname N.V.
Prins Hendrikstraat 49, Paramaribo, Suriname

Intertek International Tanzania Limited
Minazini Street, Kilwa Road 5, Dar es Salaam, United Republic of Tanzania

Intertek Italia SpA
Via Guido Miglioli 2/A, Cernusco sul Naviglio, 20063, Milano, Italy

Intertek Japan K.K.
Pier City Shibaura Building, 4F, 3-18-1, Kaigan, Minato-ku, Tokyo, 108-0022, Japan

Intertek Kalite Servisleri Limited Sirketi
Cevizli Mah. Tansel Cad. No: 12-18, Maltepe, Istanbul, Turkey

Intertek Korea Industry Service Ltd
Yeouido Dept Bldg #916, 36-2, Yeouido-Dong, Youngdeungpo-Gu, Seoul, 150-749, South Korea

Intertek Labtest S.A.R.L
7 Boulevard La Resistance IMM La Comanav Etage 7, Casablanca, Morocco

Intertek Malta Limited
24A Level 2, Flagstone Wharf, Marsa MRS 1932, Malta

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 Medical Notified Body UK Ltd

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 Limited

Intertek Overseas Holdings, Eritrea Limited (i)
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
2 floor, Building 2, Electrozavodskaya street, d.27, building 2, 107023, Moscow, Russian Federation

Intertek S.R.O
Sokolovská 131/86, Karlín, Praha 8, 186 00, Czech Republic

Intertek Saudi Arabia Limited
Southern Olaya Center, Office No. 213, Makkah Al-Mukaramah Street, P.O. Box 2526, Al-Khobar, 31952, Saudi Arabia

Intertek ScanBi Diagnostics AB
Box 166, Alnarp, SE-230 53, Sweden

Intertek Secretaries Limited (i)

Intertek Semko AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Intertek Services (Pty) Ltd
151 Monument Road, Aston Manor, 1619, South Africa

Intertek Servicios C.A. (i)
Res. San Ignacio, Calle San Ignacio de Loyola con Avenue Francisco de Miranda, Local 3, Chacao, Caracas, Venezuela

Intertek Statius N.V.
Man 'O' War #B3, Oranjestad, St. Eustatius, Netherlands Antilles

Intertek Surveying Services (USA), LLC (xv)
16441 Space Center Boulevard, Suite D-100, Houston, TX 77058, United States

Intertek Surveying Services UK Limited
Averon House 3 Dail Nan Rocas, Teaninich Industrial Estate, Alness, IV17 0PH, United Kingdom

Intertek Technical Inspections Canada Inc. (iv)
1829-32nd Avenue, Lachine, Quebec, H8T 3J1, Canada

Notes to the financial statements Continued

23 Principal Group companies Continued

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 North Square, 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

Intertek Testing Services Argentina S.A.
Cerrito 1136, piso 3ro, Frente. Ciudad Autonoma de Buenos Aires, (C1010AAX), Argentina

Intertek Testing Services Bolivia S.A.
Calle Chichapi # 2125, Santa Cruz, de la Sierra, Bolivia

Intertek Testing Services Caleb Brett Egypt Limited

Intertek Testing Services Chongqing Co., Limited
1F/6F Building 3 No.5, East Gangcheng Loop Road, Chongqing China

Intertek Testing Services de Honduras, S.A.
Edificio la Pradera, locales 5 y 6. 1-2 Ave, 1 calle, Puerto Cortes, Barrio el Centro, Honduras

Intertek Testing Services De Mexico, S.A. De C.V. (iii)
Poniente 134, No 660 Industrial Vallejo, Mexico DF CP, 02300, Mexico

Intertek Testing Services Environmental Laboratories Inc. (i)
Lexis Document Services, 15 East North Street, Dover, DE 19901, United States

Intertek Testing Services NA Limited
1829-32nd Avenue, Lachine QC H8T 3J1, Canada

Intertek Testing Services NA Sweden AB (i)
c/o Intertek Semko AB, Box 1103, Kista, 16422, Sweden

Intertek Testing Services Namibia (Proprietary) Limited
15th Floor, Frans Indongo Gardens, Dr Frans Indongo Street, Windhoek, Namibia

Intertek Testing Services Pacific Limited
2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

Intertek Testing Services Peru S.A.
Jr. Mariscal Jose de la Mar No. 200 Urb., Res. El Pino, San Luis, Lima, Peru

Intertek Testing Services Philippines, Inc.
Intertek Building, 2307 Chino Roces Avenue Extension, Metro Manila, Makati City, 1231, Philippines

Intertek Testing Services Taiwan Limited
8F No. 423 Ruiguang Rd, Neihu District, Taipei, 11492, Taiwan

Intertek Testing Services Tianjin Limited
1-6/F, Block B, No. 7 Guiyuan Road, Hi-Tech Pack, Tianjin, China

Intertek Testing Services Zhejiang Ltd
Building No.2, Juanhu Science and Technology Innovation Park, No. 500 East Shuiyueting Road, Haining City, Zhejiang Province, China

Intertek Timor, S.A.
Hotel Timor, Colmera, Vera Cruz, Dili, Timor-Leste

Intertek Training Malaysia Sdn. Bhd.
6-L12-01, Level 12, Tower 2, Menara PGRM, No. 6 & 8 Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia

Intertek Trinidad Limited
#91-92 Union Road, Marabella, Trinidad and Tobago

Intertek UK Holdings Limited

Intertek Ukraine (xvii)
Chernomorskogo Kazachestva, 115, Office 507, Odessa, 65003, Ukraine

Intertek USA Finance LLC
c/o CSC Services of Nevada, Inc., 2215-B Renaissance Dr, Las Vegas NV 89919, United States

Intertek Vietnam Limited
3rd & 4th floor, Au Viet Building, No. 01 Le Duc Tho Str., Mai Dich Ward, Cau Giay District, Hanoi City, Vietnam

Intertek West Africa SARL
Rue du Canal de Vridi Face Appontement, SIAP, Abidjan, 15 BP 882, Côte d'Ivoire

Intertek West Lab AS
Oljevegen 2, 4056 Tananger, Norway

Notes to the financial statements Continued

23 Principal Group companies Continued

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 Guinea SARLU
Resident Almamya 103 Community De Kaloum, Conakry, Guinea

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 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

Melbourn Scientific Limited
Melbourn Scientific, Saxon Way, Melbourn, Hertfordshire, Royston, SG8 6DN, United Kingdom

Metoc Limited (iii)

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 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 (ii)

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, Zhangjiang Hi-Tech Park,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 Monitor (M) Sdn Bhd
No. 18-B, Jalan Kancil off Jalan Pudu, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia

Paulsen & Bayes-Davy Ltd
2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

Petroleum Services of Union Lab Sdn. Bhd.
Suite C-7-10 (B), Level 9, Block C, UE3 Corporate Offices, Menara Uncang Emas, No 85 Jalan Loke Yew, Taman Miharja, 55200 Kuala Lumpur, Malaysia

Pittsburgh Testing Laboratory Inc.
PSI, 850 Poplar Street, Pittsburgh PA 15220, United States

Profesionales Contables en Asesoría Empresarial y de Ingenieria S.A.S.
Calle 120, No. 45A – 32, Bogota, Colombia

Notes to the financial statements Continued

23 Principal Group companies Continued

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 M9W 7K6, Canada

RCG Moody International Uruguay S.A.
Cerrito 507, 4th Floor, Off. 46, 47, Montevideo 11000, Uruguay

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. (i)
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 (ii)
Friedrich-Ebert-Anlage 36, 60325 Frankfurt am Main, Germany

SAI Global GP (xv)
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 (xvi)
Monte Everest #615, Lomas de Chapultepec, Ciuda de Mexico, Distrito Federal, 11000, Mexico

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 WanRong Road, Shanghai 200070, 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

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

Notes to the financial statements Continued

23 Principal Group companies Continued

Related undertakings where the effective interest is less than 100%

Caleb Brett Abu Dhabi LLC (xviii) (xix) (49.0%)
CB UAE (Private) Ltd, c/o Al Nahiya Group, PO Box 3728, Abu Dhabi, United Arab Emirates

Clean Energy Associates, LLC (xv) (85.0%)
16192 Coastal Highway, Lewes, DE, 19958, United States

Clean Energy Associates Limited (85.0%)
302-308 Hennessy Road, Room 2003, Wanchai, Hong Kong

Clean Energy Associates (China) Limited (85.0%)
Room 159, Building 4th, No. 2118 Guanghua Road, Minhang District, Shanghai, China

CQC-SAI Management Technologies (Beijing) Co., Ltd (70%)
Level 21, Suite 2101-2103A, Beijing AVIC Building, No 10B, East 3rd Ring Road, Chaoyang District, Beijing 100022, China

Euro Mechanical Instrument Services LLC (xix) (49.0%)
PO Box 46153, Abu Dhabi, United Arab Emirates

International Inspection Services LLC (xviii) (70.0%)
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. (xix) (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 ETL SEMKO KOREA Limited (90.0%)
5F, Intertek building, Gongdan-ro, 160beon-gil 3, Gunpo-si, Gyeonggi-do, 15845, South Korea

Intertek Geronimo JV Limited (i) (70.0%)
1, North Industrial Area, Klan Street, Accra, Ghana

Intertek Global International LLC (xv) (xix) (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. (xi) (xix) (40%)
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 200070, China

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 (xi) (xix) (49.5%)
5th Floor, Charter House, 13 Brand Road, Glenwood, Durban, South Africa

Intertek Testing Services Changzhou Ltd (85.0%)
Room 201, No 4 Floor, Changzhou Testing Industrial Park, Tanning District, Changzhou, China

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

Intertek Testing Services Nigeria Limited (60.0%)
73B Marine Road, Apapa GRA, Apapa, Lagos, 102272, 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 (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 (xix) (49.0%)
Unit 30-01 Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

Notes to the financial statements Continued

23 Principal Group companies Continued

Moody International Angola Ltda [(i) (xvi)] (78.6%)
Rua de Macau, Edifico ex Edil Apto 1, Res de Chao Esq. C.P 215, Cabinda, Angola

Moody International Bangladesh Limited (99.9%)
House 6, Road 17/A, Block E, Ground Floor, Banani, Dhaka, 1213, Bangladesh

Moody International Holdings Chile Ltda (99.0%)
Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

Moody International Lanka (Private) Ltd (99.9%)
No.5, St Albans Place, Colombo-4, Sri Lanka

Moody International Philippines, Inc. [(i)] (92.5%)
Intertek Building, 2310 Chino Roces Avenue Extension, Metro Manila, Makati City, 1231, Philippines

PT Citrabuana Indoloka (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 [(xix)] (49.0%)
Jl. Raya Bogor KM. 28, RT/RW. 04/07, Kel. Pekayon, Kec. Pasar Rebo, Jakarta Timur, 13710, Indonesia

Qatar Calibration Services LLC [(xix)] (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 Co. Ltd. (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

The Wine Warehouse (Chepstow) Management Company Limited (75%)

Associates

Moody International Certification Ltd (40.0%)
53, Nautic, Triq l-Ortolan, San Gwann, SGN 1943, Malta

Moody Certification Maroc SARL(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) The Group obtains 99% of the economic benefit of the company.
(xix) Intertek has de facto control of the company.

Intertek Group plc – Company balance sheet

As at 31 December	Notes	2022 £m	2021 £m
Fixed assets			
Investments in subsidiary undertakings	(E)	354.3	347.3
Current assets			
Debtors due within one year	(F)	387.4	408.1
		387.4	408.1
Cash at bank and in hand		0.2	1.1
		387.6	409.2
Creditors due within one year			
Other creditors	(G)	(7.4)	(5.5)
		(7.4)	(5.5)
Net current assets		**380.2**	403.7
Total assets less current liabilities		**734.5**	751.0
Net assets		**734.5**	751.0
Capital and reserves			
Called up share capital	(H)	1.6	1.6
Share premium	(H)	257.8	257.8
Profit and loss reserves	(H)	475.1	491.6
Total shareholders' funds		**734.5**	751.0

The profit for the financial year was £142.9m (2021: £163.2m).

The financial statements on pages 49 to 53 were approved by the Board on 27 February 2023 and were signed on its behalf by:

André Lacroix
Chief Executive Officer

Jonathan Timmis
Chief Financial Officer

Company number: 04267576

Intertek Group plc – Company statement of changes in equity

	Notes	Share capital £m	Share premium £m	Profit and loss reserves £m	Total equity £m
At 1 January 2021		1.6	257.8	497.6	757.0
Total comprehensive income for the year					
Profit	(B)	–	–	163.2	163.2
Total comprehensive income for the year		–	–	163.2	163.2
Transactions with owners of the Company recognised directly in equity					
Contributions by and distributions to the owners of the Company					
Dividends paid	(D)	–	–	(170.6)	(170.6)
Purchase of own shares		–	–	(11.4)	(11.4)
Tax paid on Share Awards vested		–	–	(5.8)	(5.8)
Equity-settled transactions	(E)	–	–	18.6	18.6
Total contributions by and distributions to the owners of the Company		–	–	(169.2)	(169.2)
At 31 December 2021		1.6	257.8	491.6	751.0
At 1 January 2022		**1.6**	**257.8**	**491.6**	**751.0**
Total comprehensive income for the year					
Profit	(B)	**-**	**-**	**142.9**	**142.9**
Total comprehensive income for the year		**-**	**-**	**142.9**	**142.9**
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		**-**	**-**	**(2.3)**	**(2.3)**
Tax paid on Share Awards vested		**-**	**-**	**(4.0)**	**(4.0)**
Equity-settled transactions	(E)	**-**	**-**	**17.5**	**17.5**
Total contributions by and distributions to the owners of the Company		**-**	**-**	**(159.4)**	**(159.4)**
At 31 December 2022		**1.6**	**257.8**	**475.1**	**734.5**

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 of 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.

Notes to the Company financial statements Continued

(A) Accounting policies – Company Continued

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.

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 2022.

(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 (2021: nil).

Details of the remuneration of the Directors are set out in the Remuneration report in Book two, pages 78 to 103.

(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:

	2022 £m	2021 £m
Final dividend paid in respect of prior year but not recognised as a liability in that year	**115.5**	115.5
Interim dividends paid in respect of the current year	**55.1**	55.1
Aggregate amount of dividends paid in the financial year	**170.6**	170.6

The aggregate amount of dividends proposed and recognised as liabilities as at 31 December 2022 is £nil (2021: £nil). The aggregate amount of dividends proposed and not recognised as liabilities as at 31 December 2022 is £115.5m (2021: £115.6m).

(E) Investment in subsidiary undertakings

	2022 £m	2021 £m
Cost and net book value		
At 1 January	**347.3**	342.2
Additions due to share-based payments	**17.5**	18.6
Recharges of share-based payments to subsidiaries	**(10.5)**	(13.5)
At 31 December	**354.3**	347.3

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 £17.5m (2021: £18.6m). 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 2022: 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 (2021: £nil).

Notes to the Company financial statements Continued

(F) Debtors due within one year

	2022 £m	2021 £m
Amounts owed by Group undertakings – due within one year	387.4	408.1
Total debtors	387.4	408.1

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

	2022 £m	2021 £m
Trade and other creditors	3.7	2.1
Income tax payable	3.5	2.9
Amounts owed to Group undertakings	0.2	0.5
Total creditors	7.4	5.5

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 (2021: £170.6m), was £142.9m (2021: £163.2m) which was mainly in respect of dividend income in relation to 2022.

The Company has sufficient distributable reserves to pay the 2022 final dividend and the anticipated 2023 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 2022 amounting to £4.4m (2021: £6.7m) of which the Company settled £4.0m (2021: £5.8m).

During the year ended 31 December 2022, the Company purchased, through its Employee Benefit Trust, 45,000 (2021: 216,310) of its own shares with an aggregate nominal value of £450 (2021: £2,163) for £2.3m (2021: £11.4m) 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 £0.8m at 31 December 2022 (2021: £0.4m).

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 2022 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 as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2022; 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 Audit Committee report within 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 55 legal entities and performed specific audit procedures on a further two entities, covering 23 territories in total.
- Taken together, the entities over which audit work was performed accounted for 74% of the group's revenue and 78% of the group's statutory profit before tax.

Key audit matters

- Impairment of goodwill (group)
- Valuation of defined benefit pension scheme liabilities (group)
- Impairment of investments in subsidiary undertakings (parent)

Materiality

- Overall group materiality: £20,800,000 (2021: £20,650,000) based on 5% of profit before tax.
- Overall company materiality: £7,400,000 (2021: £7,500,000) based on 1% of total assets.
- Performance materiality: £15,000,000 (2021: £15,450,000) (group) and £5,500,000 (2021: £5,625,000) (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 Uncertain tax positions, which were key audit matters last year, are no longer included because of the fact that the SAI Global Assurance acquisition was a non-recurring transaction for the prior year and the risk and magnitude of the uncertain tax position has reduced since last year following the resolution of the individually largest uncertain tax position in 2021. 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
Impairment of goodwill (group) Refer to the Audit Committee report in Book two, page 77 and to note 9 in the financial statements. The group had £1,418.4 million of goodwill recognised on the balance sheet at 31 December 2022. The potential impairment of goodwill 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. Having considered the industry environments and business performance, we consider that the CGUs for Industry Services, Caleb Brett and Transportation Technologies represent an elevated risk of impairment, requiring greater audit effort. Accounting standards require management to perform an annual assessment of the carrying value of goodwill. As this assessment is based on the future value in use, and a significant amount of value is based on the value to perpetuity of the CGUs, future cash flows must be estimated, which can be highly judgemental and could significantly impact the carrying value of the assets.	We evaluated management's cash flow forecasts and understood the process by which they were determined and approved. This included confirming that the forecasts were consistent with the latest Board approved budgets and checking the methodology and mathematical accuracy of the underlying calculations, with no exceptions identified. We evaluated the inputs included in the value in use calculations and challenged the key assumptions for the higher risk CGUs – Industry Services, Caleb Brett and Transportation Technologies, by obtaining evidence including in respect of the following: • the growth rates used in the cash flow forecasts by comparing them with historical results, external forecasts and our understanding of the business; • using our internal valuation experts to evaluate the discount rate by comparing the cost of capital for the group with comparable organisations; and • the long-term growth rates by comparing these with publicly available market data on projected growth rates in key territories such as the UK, USA and China. We performed sensitivity analyses around these assumptions. We also challenged the extent to which climate change considerations had been reflected, as appropriate, in management's impairment assessment process. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for an impairment to arise, we considered the likelihood of such a movement occurring. Our testing did not identify any impairment and confirmed that it would require significant downside changes before any impairment would be triggered. In addition, we assessed the appropriateness of the CGUs used in the impairment assessment and the related disclosures and concluded that these were appropriate.

Key audit matter	How our audit addressed the key audit matter
Valuation of defined benefit pension scheme liabilities (group) Refer to the Audit Committee report in Book two, page 77 and to note 16 in the financial statements. The group had two major pension schemes in the United Kingdom and Switzerland. The United Kingdom scheme has a net surplus of £21.3 million and the Switzerland scheme has a net deficit of £2.2 million. They were recognised on the balance sheet at 31 December 2022. The valuation of pension liabilities involves the exercise of judgement and technical expertise in choosing appropriate actuarial assumptions such as the discount rate, inflation level, mortality rates and salary increases. Management engaged external actuarial experts to assist them in selecting appropriate assumptions and to calculate the liabilities. The methodologies and assumptions utilised are judgemental and could significantly impact the magnitude of the liabilities recognised.	We utilised our internal actuarial experts to evaluate whether the assumptions and methodology used in calculating the pension liabilities were reasonable, by: • Assessing whether salary increases and mortality rate assumptions were reasonable based on the consideration of the specifics of each plan, pension plans of similar maturity to the group's and industry benchmarks; • Evaluating the consistency of the discount and inflation rate assumptions with our internally developed benchmarks based on national data; and • Reviewing the methodology and calculations prepared by external actuaries to assess their appropriateness and the consistency of the assumptions used. Based on our procedures, we concluded that the key assumptions utilised lay within acceptable ranges and that the methodology was appropriate. We assessed the related disclosures included in the group financial statements and concluded that these were appropriate.
Impairment of investments in subsidiary undertakings (parent) Refer to note E in the financial statements. The parent company had £354.3 million of investments in subsidiary undertakings. There is a risk that the performance of the subsidiary undertakings is not sufficient to support the carrying value and the assets may be impaired. Management has performed an assessment of impairment indicators with none being identified.	We evaluated management's assessment of impairment indicators and considered the consistency with other audit procedures performed. We concluded management's view that no impairment indicators exist was reasonable.

Independent Auditors' Report Continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is split into three reporting segments: Products, Trade and Resources and the operations are spread across over 100 territories and approximately 600 legal entities. The results are not consolidated at a territory or regional level, so we determined that the most appropriate level at which to scope our audit was the legal entity level.

When determining our scope, the key financial measure used was profit before tax. Due to the disaggregation of the group's results across the various entities, we identified two individually financially significant legal entities, one within China and one within the United States. As a result, we instructed our component teams to perform audits of the complete financial information of these entities.

We considered the territories in which PwC is appointed statutory auditor. Of these, 19 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 45 legal entities (including the one financially significant legal entity in China) for which we instructed our local teams to perform audits of the complete financial information for the purpose of the group audit. In addition, we performed full scope audit procedures over two head office legal entities.

In certain territories, notably the United States and Canada, 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 one financially significant legal entity in the United States), representing those with the largest contribution to group profit.

We identified a further two legal entities in Brazil 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.

In total we performed procedures relating to 57 legal entities in 23 territories, which together accounted for 74% of the group's revenue and 78% 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.

The impact of climate risk on our audit

As part of our audit we have made enquiries of management to understand the process they adopted to assess the extent of the potential impact of climate risk on the financial statements and support the disclosures made in relation to climate risk within the Strategic report and Sustainability report.

In addition to enquiries with management, we also read the Carbon Disclosure Project public submission made by the group.

We assessed the completeness of management's climate risk assessment by:

- reading external reporting made by management including the Carbon Disclosure Project submissions and making management aware of any internal inconsistencies in their climate reporting; and
- challenging the consistency of management's climate impact assessment with internal board minutes, including whether the time horizons management have used take account of the relevant aspects of climate change such as transition risks.

The Board has made commitments to get to net zero carbon emissions by 2050.

Management has assessed that there is no material impact on the financial reporting judgement and estimates arising from their considerations, consistent with their assessment of no material impact of climate-related policies directly on the business.

Using our knowledge of the business, we evaluated management's risk assessment, its estimates as set out in note 1 of the financial statements and resulting disclosures where significant. In particular we have considered how climate risk 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 above.

We also considered the consistency of the disclosures in relation to climate change within the Strategic report and the Sustainability report with the financial statements and our knowledge obtained from the audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters, for the year ended 31 December 2022.

Independent Auditors' Report Continued

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	£20,800,000 (2021: £20,650,000).	£7,400,000 (2021: £7,500,000).
How we determined it	5% of profit before tax	1% of total assets
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders and users of the financial statements in assessing the performance of the Group. This is a generally accepted benchmark.	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 £1.1 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% (2021: 75%) of overall materiality, amounting to £15,000,000 (2021: £15,450,000) for the group financial statements and £5,500,000 (2021: £5,625,000) 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 £1,000,000 (group audit) (2021: £1,100,000) and £1,000,000 (company audit) (2021: £1,100,000) 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 2022 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 and company 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 and the risk of fraud in revenue recognition, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), testing accrued income, 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: www.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.

Independent Auditors' Report Continued

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 seven years, covering the years ended 31 December 2016 to 31 December 2022.

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
27 February 2023

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 ('SDIs') (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 & 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 2022 and 2021 figures at the average and year-end exchange rates for 2022, 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 in Book one, 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 and business disposals	Including acquisitions following their 12-month anniversary of ownership and removing the historical contribution of any business disposals/closures. Excluding acquisitions and disposals demonstrates the Group's performance for comparable operations year-on-year by removing any inflation of revenue in the current year or prior year contributed from new acquisitions or disposals.
Adjusted free cash flow	Net cash flows from operating activities	Includes cash flows from acquisition and sale of PPE, repayment of lease liabilities and interest received. Excludes the impact of cash flow SDIs.	Free cash flow includes net cash flows from operating activities and certain cash flows from investing activities and the repayment of lease liabilities. The following items are excluded: all other cash flows from financing activities. This measure reflects the cash available to shareholders. This is a key performance metric for the incentive scheme.

Glossary – Alternative performance measures Continued

APM	Closest equivalent statutory measure	Adjustments to reconcile adjusted to statutory	Definition and purpose
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 the Group's performance and is based on operating profit before the impact of SDIs. 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 operating margin	Statutory operating margin	As per adjusted operating profit.	Adjusted operating profit divided by revenue, both before the impact of SDIs. 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	SDIs 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 SDIs 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 SDIs 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.

Glossary – Alternative performance measures Continued

APM	Closest equivalent statutory measure	Adjustments to reconcile adjusted to statutory	Definition and purpose
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 SDIs. 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.
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 SDIs (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 SDIs 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 Consolidated 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 2022
Full-year results announced	28 February 2023
Annual General Meeting and Trading Update	24 May 2023
Ex-dividend date for final dividend	25 May 2023
Record date for final dividend	26 May 2023
Final dividend payable	15 June 2023
Half-year results announced	28 July 2023
Ex-dividend date for interim dividend	14 September 2023
Record date for interim dividend	15 September 2023
Interim dividend payable	6 October 2023
Trading Update	23 November 2023

Investor relations
E: investor@intertek.com
T: +44 (0) 20 7396 3400

Registrars
EQ
Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH
T: +44 (0) 371 384 2653*

* Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday, excluding bank holidays in England and Wales. Please use the country code when calling from outside the UK.

Independent Auditors
PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH
T: +44 (0) 20 7583 5000

Brokers
J.P. Morgan Cazenove
25 Bank Street, Canary Wharf, London E14 5JP
T: +44 (0) 20 7742 4000

Goldman Sachs International
Plumtree Court, 25 Shoe Lane, London EC4A 4AU
T: +44 (0) 20 7774 1000

Credit Suisse International
One Cabot Square, London E14 4QJ
T: +44 (0) 20 7888 8888

Registered office
Intertek Group plc
33 Cavendish Square, London W1G 0PS
T: +44 (0) 20 7396 3400
www.intertek.com
Registered number: 04267576
ISIN: GB0031638363
LEI: 2138003GAT25WW1RN369
London Stock Exchange Industrials/Professional Business Support Services
FTSE 100
Symbol: ITRK

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The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked-in, that would otherwise be released.

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Intertek Group plc
33 Cavendish Square,
London, W1G 0PS
United Kingdom

Tel +44 20 7396 3400
info@intertek.com
intertek.com