Intertek Group plc Annual Report and Accounts 2020

Helping the world to

Build Back Ever Better

Annual Report 2020

Highlights

Resilient revenue performance, robust margin and strong cash generation demonstrating the strengths of our business model, its geographic and business line diversity, our disciplined approach to performance management and importantly, our strongly cash-generative earnings model.

Financial

- Resilient FY financial performance, ahead of earnings and cash expectations
- H2 2020 adjusted operating profit of £259.5m with record adjusted operating margin of 18.4%, up 60bps YoY at constant rates
- Excellent cash conversion of c.150% drives a record adjusted free cash flow of £435.6m, up 10.2% YoY
- Strong balance sheet with financial net debt of £419.9m, down £209.5m YoY; financial net debt to EBITDA of 0.7x
- Highly cash-generative and carbon-light earnings model delivers strong adjusted ROIC of 21.6%, down 190bps YoY at constant rates
- Sustainable returns to shareholders with FY 2020 dividend of 105.8p, in line with 2019
- Statutory operating profit of £378m, down 20.7% YoY at constant rates
- Statutory net profit after tax of £263m, down 19.8% at constant rates and 21.3% at actual rates

Sustainability

- We were included in the FTSE4Good Index for the fourth year running
- Intertek participated in CDP's Climate Change Programme
- 58% reduction in lost time incidents
- We are an accredited living wage employer in the UK
- 2020 is our first carbon neutral year
- Continuous focus on sustainability including targeting Net Zero emissions by 2050

£2,742m
Revenue
(2019: £2,987m)

£2,736m
Like-for-like revenue[1]
(2019: £2,983m)

£436m
Adjusted free cash flow[2]
(2019: £395m)

£428m
Adjusted operating profit[1,2]
(2019: £524m)

£378m
Statutory operating profit
(2019: £486m)

21.6%
Return On Invested Capital[1,2]
(2019: 23.7%)

15.6%
Adjusted operating margin[1,2]
(2019: 17.5%)

13.8%
Statutory operating margin
(2019: 16.3%)

105.8p
Dividend per share[3]
(2019: 105.8p)

170.9p
Adjusted diluted earnings per share[1,2]
(2019: 212.5p)

152.4p
Statutory diluted earnings per share
(2019: 192.6p)

1. Definitions of the above metrics and constant rates are set out on page 24
2. Adjusted operating profit, adjusted operating profit margin, adjusted diluted earnings per share ('EPS') and adjusted free cash flow are non-GAAP measures. Adjusted measures are stated before Separately Disclosed Items, which are described in note 3 to the financial statements. Reconciliations between statutory and adjusted measures, as well as return on invested capital and cash conversion, are shown in the Financial review.
3. Dividend per share for 2020 is based on the interim dividend paid of 34.2p (2019: 34.2p) plus the proposed final dividend of 71.6p (2019: 71.6p).

Our purpose is to bring quality, safety and sustainability to life

Our role has never been more important.

As the only company globally with a Total Quality Assurance offering – comprising Assurance, Testing, Inspection and Certification solutions – we're uniquely placed to keep businesses powering ahead, no matter the obstacles they face.

The pandemic has brought to life Intertek's purpose-led role in society as never before. We are working with customers, both new and existing, using our scale and expertise to help them address their challenges with leading-edge, innovative solutions.

We've proved this in 2020, helping our customers confront and resolve real issues in a way that's making it easier and safer for them to operate. And, as our customers continue to face unprecedented challenges, we're always there to support them and Build Back Ever Better.

In this year's report

Find out how our industry-leading Total Quality Assurance enables companies to power ahead safely and swiftly, wherever they are in the world.

intertek.com

Strategic report

Directors' report

Financial statements

Building Back Ever Better

A force for good

In challenging times, our mission-critical solutions are needed more than ever.

Since the onset of the COVID-19 pandemic, the issues facing the world today have been felt more acutely than ever. What's more, there is a growing realisation that global issues are interconnected, affecting individual lives in many indirect but significant ways.

In a year that has tested people and businesses around the world, Intertek has responded with speed and innovation, proving itself to be an agile and resilient business. We have stayed operational across the world through the depths of the pandemic and played a critical role in mitigating risks for our clients.

This has underlined the importance of Intertek's purpose-led role in making sense of these changes. We are throwing light on the choices we all have to make now, and how that will determine not just how companies will act in the future, but where the whole world goes next.

Building Back Ever Better
Continued

'Ever Better' solutions

New normal. New opportunities.

Old thinking can't solve new problems. That's why we draw on our unique global population of Total Quality Assurance experts, their entrepreneurial spirit and our decentralised culture, to create exciting and innovative solutions to emerging needs.

Their focus is on what really matters when it comes to building a sustainable future for all: higher standards of personal safety, health and wellbeing for everybody; low carbon societies; and more traceable and resilient supply chains.

The events of 2020 have made the need for risk-based Quality Assurance all the more compelling. With a focus on our 5x5 'Ever Better' strategy, disciplined performance management, and the passion and expertise of our 43,769 people, we have already developed leading-edge innovations to meet some of the world's toughest challenges.

These include Total Sustainability Assurance, our end-to-end sustainability offering, and Protek™, the first assurance programme to safeguard systems and processes, facilities, materials, surfaces, products and - above all - people.

CarbonClear™ delivers unique clarity on the carbon impact of end-to-end operations, while SourceClear™ is a new technology platform providing visibility and traceability across the full range of supply chain relationships.

We expect the theme of Building Back Ever Better to guide the actions of governments, companies, institutions, regulators and consumers, especially in three important areas:

- management, boards and shareholders will want to build safer supply chains
- consumers, governments and corporations will want to offer better personal safety
- the world will need to invest in and build a low carbon society.

As the challenges that our customers face evolve, so do we. And our priority today isn't simply to help customers recover from the impact of COVID-19. It's to empower them to prosper as never before, building a sustainable future for all.

You can see how Intertek is addressing these three areas on the following pages.

Safer, more diversified supply chains

Read more about our 'Ever Better' solutions on page 04

Better personal safety and wellbeing

Read more about our 'Ever Better' solutions on page 05

Low carbon economy

Read more about our 'Ever Better' solutions on page 06

Building Back Ever Better
Continued

Safer, more diversified supply chains

We give companies better insight into every layer of their supply chains – reducing risk, improving traceability, sharpening intelligence and increasing resilience.

Our role

Delivering end-to-end, risk-based, supply-chain assurance is our core business at Intertek: underpinning supply resilience, minimising reputational risk and driving ethical and sustainable business practices.

SourceClear™
Independent certification with Intertek SourceClear™ gives customers instant credibility and traceability of sustainable production, preferred raw materials, social and environmental practices that maximise positive impacts throughout the supply chain.

Read the full case study on page 45

More and more companies are making purchasing decisions based on who they trust to address responsible sourcing issues. They are looking for reassurance as to how products are made, selection of preferred materials, and that's what SourceClear™ gives them."

Simona Romanoschi
Business Assurance
Innovation VP

Building Back Ever Better
Continued

Better personal safety and wellbeing

We are helping to create a world where higher standards of health and personal safety, hygiene and wellbeing are the norm, enabled by better understanding and more targeted investment.

Our role

Empowering customers with innovative health, safety and wellbeing solutions is a key aspect of our vision to make the world a better and a safer place. More than ever, companies are turning to our expertise in this area: driven by passion, delivered with pace and precision.

Health, safety and wellbeing in the workplace, in public spaces and at home is the number one concern for businesses, employees and consumers. Intertek Protek™ safeguards people everywhere, bringing peace of mind to companies in every industry.

Read the full case study on page 43

Whether they're in hotels, restaurants, schools, transport, retail or another kind of business, Protek™ provides the procedures our clients need to reassure their customers and demonstrate the importance they place on health and safety."

Chase Eastman
Vice President, E-Commerce & Courseware - Alchemy Systems

Building Back Ever Better
Continued

Low carbon economy

As people, companies and countries everywhere increasingly shape greener strategies, we're helping our customers participate and transact confidently in the sustainability revolution transforming our world.

Our role

We help companies meet growing stakeholder expectations on clear and transformative sustainable objectives, trusted industry benchmarks, consistent performance improvement, and certify results with total transparency, assured.

CarbonClear™
Intertek CarbonClear™ is a breakthrough global programme that brings companies, beginning in the energy sector, unique clarity on the carbon impact of their end-to-end operations. Ultimately, this will also empower countries, companies and consumers to cut their carbon footprints, by making informed buying decisions about the carbon impact of their energy resources.

Read the full case study on page 49

Companies and countries are moving faster than ever to invest in, and be leaders of, sustainability and the energy transition. CarbonClear™ is a vital tool for energy investors, regulators, consumers and producers to converge financial and sustainability goals, commercialise low-carbon investments, and demonstrate certified progress in the race to net zero emissions."

Malissa Boudreaux
Senior Vice President,
World of Energy

More than an idea

We're building a movement

Building Back Ever Better. Four simple words, but a world of meaning. It's why we do what we do. It's why we form close partnerships and share ideas. It's why we work so hard to tackle the real issues that matter to our customers, and to the people we deal with across our operations.

It combines our well-established 'Ever Better' philosophy with a call to action for the whole world. We believe a unified approach from leaders and innovators can harness the complexity of our connected world, and the risks that come with it. We are leading by example and inspiring others – thinking more sustainably, innovating collaboratively – and the value of the risk-based Quality Assurance we provide has never been greater.

In a year that has been dominated by a pandemic that has gripped the world, it's about so much more than just getting back what we may have lost. It's about inspiring a global movement. It's about building something that's greater than before. And it's about doing that 'Ever Better', together. #BBEB

> **Watch our Building Back Ever Better video, available from 30 March 2021, at intertek.com/bbeb**

The world has changed. But what if instead of settling for a new normal, we take responsibility for tomorrow, and build back better? Our 43,800 employees are working to bring a new global society to life, with sustainability, safety and wellbeing at its heart."

André Lacroix
Chief Executive Officer

Business model

What we do

Intertek has always been a purpose-led business. Today, that purpose is to make the world a better, safer and more sustainable place for all. Now, and for future generations.

As the world changes, operating safely, sustainably and delivering quality products and services becomes more difficult. Supply chains are rapidly growing in both size and complexity, bringing unprecedented levels of risk. In these challenging times, companies need a trusted partner, and we provide our clients with a risk-based approach to Quality Assurance. Our global network of 43,769 colleagues helps address the complex quality, safety and sustainability challenges that corporations face.

Our Purpose

Bringing quality, safety and sustainability to life.

Our Vision

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

Total Quality Assurance

The work we do covers everything from testing toys to inspecting power stations, and from certifying vaccines to providing end-to-end Quality Assurance. Our innovation-led, end-to-end Total Quality Assurance ('TQA') value proposition is designed to support our clients 24/7. It provides a fully integrated portfolio of Assurance, Testing, Inspection and Certification ('ATIC') services to give our customers complete peace of mind for their products, services and operating systems.

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

Our TQA customer promise

To become the most trusted partner for Quality Assurance, we have made a promise to our customers: Intertek's unrivalled TQA expertise is delivered consistently with precision, pace and passion. This is what makes us different. Our clients can rely on the consistent quality and accuracy of our work; the speed of our response, as we deliver rapid and accurate feedback; backed up by our desire and belief in what we do. That means our clients can operate with total peace of mind and power ahead safely.

'Ever Better'

As a company we are committed to becoming 'Ever Better' in everything we do. That means we're not simply seeking ways to constantly improve our operations for enhanced efficiency and effectiveness. It means we're researching and innovating to improve our services, enabling our 300,000 clients to become 'Ever Better' too.

Our ATIC services

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

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

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

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

Our TQA value proposition:

Our unique TQA value proposition offers end-to-end ATIC solutions across a company's entire value chain.

RESEARCH & DEVELOPMENT

CONSUMER MANAGEMENT

RAW MATERIALS SOURCING

DISTRIBUTION & RETAIL CHANNELS

COMPONENT SUPPLIERS

TRANSPORTATION

MANUFACTURING

How we do it

The world of our customers is changing, becoming complex and interconnected with increased risks to quality, safety and sustainability. We support the growth of our clients with our TQA proposition by building trusted relationships, listening to their needs to develop the right insights and using meaningful data to create innovative TQA solutions.

With 43,769 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

43,800
Employees

100+
Countries

80+
Languages

Business model
Continued

Our 'Ever Better' approach

Our core strength is, and always will be, our people. The way our colleagues combine passion and innovation with customer commitment sets us apart. This is a vital element of our entrepreneurial, customer-centric culture.

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

Our strategy and culture give our people the right platform, not only to grow and develop their careers, but also to become involved in socially responsible activities that further support our purpose to make the world a better place by bringing quality, safety and sustainability to life.

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

Building trusted client relationships
We aim to consistently deliver a superior customer experience and build trusted relationships. Key to this is regular engagement with our customers. Around the world, through our Net Promoter Score ('NPS') programme, we carry out 6,000+ customer interviews every single month. The NPS measures the percentage of customers likely to recommend our services, helping us to understand our customers and deliver superior service at every Intertek site.

Real-time insights from the NPS programme are fed back to senior management every day, allowing us to continually measure performance, gain insights, drive improvement and deliver our TQA Customer Promise. We capture key metrics at every site monthly and, when a project is complete, our TQA Experts talk to our customers about their experience, the solution itself and the quality of customer service, to maintain high quality and disciplined performance management.

Using data insight to drive innovation
We have access to world-class customer intelligence site-by-site from anywhere across our global network. This data, along with customer feedback and the insight generated from our TQA Experts, tells us what our customers need and want, allowing us to provide them with faster and more effective solutions.

Why we do it
We are passionate about our purpose. The world is changing fast, and, at Intertek, we know we are uniquely placed to help our clients adapt, seize and drive the opportunities created by a more sustainably aware and driven society.

We are born to make the world 'Ever Better'. What we do has an impact on every aspect of modern life, from the way we grow as individuals to how we thrive as a society. This vital role is shaping a better, safer and more sustainable world to which we all aspire. This will be our legacy and our future.

> View our Sustainability Report at intertek.com/about/our-responsibility for how our people responded to the pandemic

Our considered and focused approach to innovation uses a three-tiered method.

Core

Building on the strengths of existing products and services

From our 'Core' focus, we seek to build on the strengths of our existing products and services, continually improving them for our existing markets and customers. As part of breakthrough innovation Protek™, which focuses on health, hygiene, safety and risk management, we have launched POSI-CHECK to help in the Prevention of the Spread of Infection ('POSI') in restaurants, supermarkets, schools and other facilities.

Adjacent

Expanding into fast-growing and high-margin markets

We aim to develop new products and services for rapid-growth, high-margin markets that are 'Adjacent' to those we already serve. Responding to demand during the pandemic, we further developed our Remote Video Inspection ('RVI') service, part of our market-leading Inview virtual assurance solution, which uses remote live video-streaming and smartphone technology to carry out mission-critical inspection services across the oil and gas supply chain.

Breakthrough

Developing innovative products and services

We aim to develop 'Breakthrough' products and services that enable us to create new attractive markets and target emerging customer needs. In 2020 these included CarbonClear™, the world's first independent carbon-intensity certification programme, and SourceClear™, a new technology platform that provides visibility and traceability across the full range of supply-chain relationships.

Business model
Continued

Our sectors

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

Products

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

£1,682m
Revenue (61% of Group)
(6.4%) at actual rates
(5.7%) at constant rates

£352m
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.

£593m
Revenue (22% of Group)
(12.8%) at actual rates
(9.9%) at constant rates

£47m
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.

£468m
Revenue (17% of Group)
(8.5%) at actual rates
(6.3%) at constant rates

£29m
Adjusted Operating Profit (7% of Group)

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

Corporate Assurance growth drivers:
- Growing need for ATIC risk-based Quality Assurance
- Increasing regulation
- Greater demand for People Assurance
- Importance of supply intelligence and resiliency
- More focus on Corporate Sustainability
- Ever more vital role of Enterprise CyberSecurity

Business model
Continued

Our high-quality earnings model

Based on the delivery of our unique TQA value proposition, the virtuous economics of our earnings model – high-margin, strongly cash-generative, capital-light and carbon-light, delivering strong pricing power – is at the very core of what makes us successful.

Our ability to profitably deliver ATIC services to customers operating in the structurally attractive Products, Trade and Resources economic sectors is based on our capital-light business model and entrepreneurial culture.

This model 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 capital allocation. As a result we have achieved strong free cash flow and negative working capital.

GDP+ organic revenue growth in real terms

Investments in high-growth and high-margin sectors

Intertek Virtuous Economics

Margin-accretive revenue growth

Disciplined capital allocation

Strong free cash flow

Business model
Continued

The value we create

Delivering 'Ever Better' value for our stakeholders. We aim to create meaningful and sustainable long-term value for a broad range of 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 64**

Stakeholder types

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 do we engage them?

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

In 2020 we stepped up our customer communications to provide support through the pandemic, addressing emerging needs, and operational and supply chain challenges.

People

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

Why they are important to us

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

How do we engage them?

The work our people do is deeply meaningful to our world. Our leaders support all colleagues to deliver our Core Purpose, pursue their aspirations and enjoy a rewarding career with us. We try to create a high performance, growth-oriented and caring culture with clear transparent communication and regular recognition. We ensure that each colleague has a personal growth plan that is progressed.

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 do we engage them?

We engage with existing and potential investors to help them understand the Group's business model, strategy, financial performance and outlook.

The programme is wide-ranging and includes regular trading updates, investor conferences and roadshows throughout the year for investors and sell-side analysts.

Suppliers

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

Why they are important to us

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

How do we engage them?

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

Our ethical procurement practices have been adopted widely across the Group and we work with suppliers who share our sustainability objectives.

Communities

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

Why they are important to us

The services we provide to our customers, including our sustainability and growth innovations, generate direct and indirect benefits for our communities.

How do we engage them?

Our businesses regularly engage with and contribute to our communities, and many colleagues support local and charitable causes.

These activities reflect the diversity of our community stakeholders and our people.

Government and regulators

We comply with all global, regional and local regulations.

Why they are important to us

Compliance with local laws and regulations is an important part of being a responsible employer and business. We are committed to engaging constructively with governments and regulators to support the wider community.

How do we engage them?

We engage with national and local governments and regulators to share our intentions, understand their concerns, and find mutually beneficial solutions

We do this through membership meetings of industry bodies as well as the publication of White papers.

Investment case

Well positioned for growth

We have a proven history of growth, innovation, disciplined portfolio management and operational excellence. This, alongside the energy, agility and innovation of our colleagues around the world, is why we are uniquely well positioned to capitalise on the growth opportunities ahead and drive sustainable value creation for stakeholders.

Sustainable shareholder value

Our track record of shareholder value creation is strong, and the sustainability of our results is a tribute to the quality of our earnings model, the trusted relationships we have with our clients, the strength of our TQA customer service, the leading expertise of our 43,769 colleagues, and our passionate and customer-centric culture. In a year that has been challenging for so many corporates, we have continued to invest in our business and we have strengthened further our financial position, with a financial net debt at year end £210m lower than in 2019.

The sustainability of our performance has underpinned our growth, creating exceptional value for our shareholders and the consistent payment of dividends. We have achieved this through the powerful compounding effect, year after year, of our earnings model's virtuous economics: margin-accretive revenue growth, strong cash generation and disciplined investment.

Investing for growth

We invest in high-margin, high-return sectors and in companies where we see opportunities for margin enhancement.

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

Untapped potential

$200bn
Currently in-house

$50bn
Currently outsourced

Exciting growth opportunities

As our customers' operations and supply chains become more complex and they face new market forces as the world recovers from COVID-19, they also face unprecedented levels of risk across every element of their businesses. This has created even greater growth opportunities in the market for Intertek's TQA services, and attractive industry-consolidation opportunities, as the world needs our services even more, and we look to help customers Build Back Ever Better.

We estimate that only US$50 billion of the US$250 billion ATIC market is currently outsourced, presenting further opportunity to capture a share of the US$200 billion of work currently managed in-house. If anything, the pandemic has led corporations to reassess what is core and non-core to ensure the efficiency and sustainability of their operations – and this will inevitably lead to a reappraisal of what they need to outsource. The future market potential could be even greater than this, as it is also driven by new risks emerging from the continued rise in operational complexity and multi-tiered supply chains. With our unique offering and current network serving 300,000 clients around the world, we are in the ideal position to attract a substantial share of this market potential.

Portfolio strategy

Intertek's focus is on high-margin, high-return sectors. This guides where we invest for growth in terms of our scale businesses – those companies where we expect the fastest growth to come from or where we see opportunities for margin improvement – and targeted, value-enhancing acquisitions. Our M&A focus is on companies with attractive growth and margin prospects, strong IP and market positions and a highly cash-generative business model.

We underpin this with our highly disciplined approach to performance management, based on a unique dashboard of leading and lagging indicators. It addresses a range of key financial metrics, from revenue growth, margin and customer profitability to capital allocation and investments in growth.

Our operational metrics include leading indicators such as marketing leads, customer retention and customer acquisitions.

Investment case
Continued

High-quality earnings model

At the very core of what makes us successful is our high-margin, cash-generative earnings model, based on the delivery of our unique TQA value proposition. Our ability to profitably deliver ATIC services to customers operating in the structurally attractive Products, Trade and Resources economic sectors is based on our capital-light business model and entrepreneurial culture, which enable 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.

Innovating to help businesses navigate a pandemic

There is no question that the world changed in 2020 - people and corporates have faced challenges like never before in the face of COVID-19. And Intertek has been at the forefront of the response, helping our clients adapt to new conditions and bolster their business continuity plans. We have launched a range of innovative products and services, designed to provide the practical support and visionary guidance they need to deal with the effects of the pandemic.

> Read more about these innovations in our operating reviews on pages 42 to 49

Innovation fuelled by insight

Our regular programme of customer interviews provides the insight and data needed to constantly innovate.

6,000+
customer interviews every month

> Read more on page 10

Customer-led innovation

The real fuel for innovation is insight - a deep understanding of what our customers need and want. Through our NPS programme, we carry out 6,000+ customer interviews every month and, 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 to develop our insight and develop new ATIC solutions.

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

During the pandemic, we have rapidly launched new services and industry changing innovations, such as Protek™ and CarbonClear™. We have also supported the Pharma industry in the development of vaccines, provided end-to-end testing and certification for PPE, and introduced priority testing services for life-saving medical equipment.

Operational excellence

We take a disciplined approach to performance management, measuring progress against a range of operational metrics and using data intelligence to understand our customer service levels and turnaround times. All this creates a positive atmosphere where our people feel fully engaged in a safe working environment, and it is a measure of the strength of our operations that Intertek stayed fully operational throughout the pandemic.

This approach, alongside a dedicated focus on quality across every site, is crucial to our continuous improvement, underpinning our operational and health and safety excellence, and ultimately ensuring that our customers receive a superior service.

Helping the world to Build Back Ever Better

André Lacroix
Chief Executive Officer

A big thank you

Ever since I joined Intertek in 2015, the most important part of my review has come where I can take a moment to thank my colleagues around the world for their outstanding contribution during the year. Never has this been more the case than in 2020, a year like no other when in the face of unparalleled challenges, Intertek's amazing people worked tirelessly to ensure our operations across the world could keep supporting our clients, helping global supply chains to operate safely.

It was an extraordinary performance, and I thank each and every one of them from the bottom of my heart. The indomitable spirit that drove them is the same that has made us a leader in our industry for so long. No matter the challenges Intertek has faced – during 2020, or during the 130 years of our evolution – we have always exercised our spirit of innovation, the passion of our people and our unmatched customer commitment to realise our purpose of making the world an ever better, safer and more sustainable place for all.

Thanks to these qualities, we entered 2020 with a very strong record of sustainable growth across our entire history, and particularly over the previous five years.

Our five-priority response

Given what was about to happen, the strength of our track record and culture was particularly valuable and important. From early in the year, as we know, businesses across the world were rapidly affected by the pandemic. It caused significant disruption to the supply chains of our clients, restricting global mobility and impacting the global economy.

The agility of our people and our business as a whole was vital. We quickly refocused the organisation and implemented a decisive, five-priority response to the situation. Our financial results are testament to the success of these actions, and to the strength of our high-quality earnings model: strong pricing power driving strong margins and a high cash-generation while enabling Intertek to operate in an exceptionally capital- and carbon-light manner.

Our first priority is always health and safety. We swiftly created a comprehensive, global COVID-19 Employee Health & Wellbeing policy, which we have updated regularly throughout as we have learned more about best practice in managing the virus. The policy is publicly available on our website.

Our second priority is superior customer service. We are a customer-centric organisation and understand that what we do every day to ensure our customers' supply chains operate safely, securely and efficiently is mission-critical. Our clients were facing unprecedented challenges and since day one, we have increased the frequency with which we communicate and kept our operations open 24/7, to ensure we can react and respond to customer needs quickly.

Outline results

£2,742m
Revenue
(8.2%) at actual rates

15.6%
Adjusted Margin
(190bps) at actual rates

170.9p
Adjusted Diluted EPS
(19.6%) at actual rates

149%
Cash conversion
+2,200bps at actual rates

21.6%
ROIC
(210bps) at actual rates

105.8p
Dividend
In line with prior year

Chief Executive Officer's review
Continued

As a result, we have rapidly been able to bring a range of innovations to market, including exciting new services like Protek™, SourceClear™ and CarbonClear™ - I describe all of these and more in later pages. What they all have in common is their ability to confront and resolve real issues in a way that makes it easier and safer for our customers to operate.

Many of our employees have also gone beyond the normal call of duty and responded fast to help in any way they could, like creating hand sanitisers in countries including China, India, the Philippines, Turkey, the UK and the Netherlands to keep customers and colleagues safe. Colleagues in Intertek Indonesia provided some of the worst affected countries with 200,000 face masks, and our UK Food business line team has been working seven days a week to collect, register and process samples, safely and in line with tight customer deadlines. In Azerbaijan, our people have helped to buy relief packages for suffering families, and our facilities team in Bangladesh set up a virtual hospital. These are just a few examples of our people's actions across the world.

Our third priority is margin discipline. We took new steps to protect our margin during the crisis, building further on the disciplined approach to pricing and cost that we have focused on over the years. Actions included a pause on all recruitment, a six-month delay to the 2020 annual salary increase, and participation in a range of government support schemes. Such initiatives mean we will have the ability to support our clients fully once their operations are back to normal.

Our fourth priority is cash discipline and we continue to be highly focused around cash collection. Our operational focus on cash is delivering strong free cash flow which is further strengthening our robust balance sheet. We continue to take a disciplined approach to capital allocation, investing in high-growth and high-margin sectors, as well as implementing our progressive dividend policy.

Our fifth priority is purpose-led employee engagement. With many of our people working remotely during lockdown restrictions, it has never been more important to stay connected every day. Our world-class digital internal communications platform has enabled us to reach out frequently to everybody in the organisation, and their response has been universally exceptional. A central part of our internal communication narratives was purpose-led, reminding all of us about the meaning of what we do at Intertek. Indeed, Intertek provides mission-critical solutions to make sure that the world's supply chains can operate fully and safely.

Our results in 2020

Our results for 2020 demonstrate that in the COVID-19 era, the need for risk-based Quality Assurance has never been greater for all our stakeholders. The pandemic brought to life, as never before, the great importance of Intertek's purpose-led role in society. Amid the unprecedented pressures affecting so many companies, the strength of our strategy, people and end-to-end systemic approach has been emphasised by the continuing resilience of our revenue performance and our strong cash flow.

Key highlights of our 2020 performance:

- Resilient FY financial performance, ahead of earnings and cash expectations
- H2 2020 adjusted operating profit of £259.5m with record adjusted operating margin of 18.4%, up 60bps YoY at constant rates
- Statutory operating profit of £378.2m, down 20.7% YoY at constant rates
- Excellent cash conversion of c.150% drives a record adjusted free cash flow of £435.6m, up 10.2% YoY
- Strong balance sheet with financial net debt of £419.9m, down £209.5m YoY; financial net debt to EBITDA of 0.7x
- Highly cash-generative and carbon-light earnings model delivers strong adjusted ROIC of 21.6%, down 190bps YoY at constant rates
- Sustainable returns to shareholders with FY 2020 dividend of 105.8p, in-line with 2019
- Carbon neutral in 2020 and continuous focus on sustainability; targeting net zero emissions by 2050
- Strongly positioned for growth: COVID-19 recovery, increased corporate focus on risk and M&A growth opportunities.

Sir David Reid steps down as Chairman

In 2020 we announced that Sir David Reid would retire on 31 December after serving nine years on the Intertek Board as Chairman and Non-Executive Director. I would like to thank David for the significant contribution he has made to Intertek's development and growth during his tenure with our Board. We will miss his wise counsel and experience and wish him every success and enjoyment for his future retirement. Andrew Martin succeeded David as Chairman of the Board, read more on page 72.

Our three sectors

The attractive structural growth drivers in each of our three market sectors - Products, Trade and Resources - enabled us to deliver a resilient financial performance during an unprecedented global pandemic.

Performance by business

Products	**£1,682m**	**Revenue** (6.4%) at actual rates (5.7%) at constant rates
	20.9%	**Adjusted Margin** (170bps) at actual rates (160bps) at constant rates
Trade	**£593m**	**Revenue** (12.8%) at actual rates (9.9%) at constant rates
	7.9%	**Adjusted Margin** (480bps) at actual rates (460bps) at constant rates
Resources	**£468m**	**Revenue** (8.5%) at actual rates (6.3%) at constant rates
	6.2%	**Adjusted Margin** (10bps) at actual rates (10bps) at constant rates

Chief Executive Officer's review
Continued

Our 5x5 strategy

Our long-term 5x5 strategy for growth remains consistent and has informed our operational priorities in response to the COVID-19 pandemic.

Our goals

1
Fully engaged employees working in a safe environment.

2
Superior customer service in Assurance, Testing, Inspection and Certification.

3
Margin-accretive revenue growth based on GDP+ organic growth.

4
Strong cash conversion from operations.

5
Accretive, disciplined capital allocation policy.

Our 5 strategic priorities

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

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

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

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

Operational excellence
An 'Ever Better' approach to continuously improving our efficiency and productivity through quality management and operational excellence.

Our 5 strategic enablers

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

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

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

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

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

While we inevitably experienced some impact from disrupted client supply chains and factory closures in our Products sector, our leading positions across multiple industries have helped us to deliver a resilient like-for-like revenue decline of (5.9%) at constant rates. Some delays to audits and product launches were offset by a number of positive developments, including increased demand for testing personal protective equipment and medical devices, growth in e-commerce and associated services and increased demand for ATIC (Assurance, Testing, Inspection, Certification) services in areas like supply chain assurance, energy efficiency and sustainability services.

In our Trade sector, the defensive strengths of our AgriWorld business enabled us to report a like-for-like revenue decline of (9.9%) at constant rates. This was despite the reduced level of demand for oil and gas which impacted our Caleb Brett business, as well as the challenging trading conditions for Government & Trade Services.

Our Resources business delivered a resilient performance, despite the impact of lockdown in many territories on our Opex Maintenance Services and the reduction of our clients' capex investment in the second half, while our Minerals business delivered robust revenue growth helping the sector achieve a like-for-like revenue decline of (6.1%) at constant rates.

These assets are built around our five strategic priorities of our 5x5 Differentiated Strategy for Growth on which we have continued to focus in 2020.

The growth opportunities ahead

The first pandemic in our global, highly connected world has radically increased the complexity facing

Chief Executive Officer's review
Continued

organisations everywhere. It is not as though life was simple for corporations before the pandemic given the intertwined network of mega-trends they faced – from multiple geopolitical risks on a global basis, through to the rapid impact of social media on world opinion, the accelerating application of AI and automation, the energy transition, wealth inequality, increasing safety issues and more.

Now, this complexity is set to continue and accelerate further, as the economic, infrastructure and social impacts of the pandemic remain long after the immediate threat of the virus has receded. But I firmly believe that the post-pandemic world will ultimately emerge as a better and a safer place for all. And I believe that Intertek has a fundamental role to play in making this happen.

Intertek is a world leader in the US$250 billion Quality Assurance market, with a proven, high-quality business model and a global network of customer-focused operations and highly engaged subject matter experts.

The uninterrupted support our teams provide in local markets has never been needed more, servicing our clients with precision, pace and passion as the world recovers. The mission-critical services we provide will help to drive this recovery, playing an ever-more important role in society as a source of good for everyone and an important home of innovation for industries across the world. We are a force for good in society, helping our clients manage risk and deliver their sustainability agenda, while remaining internally focused on delivering sustainability excellence based on our ten Total Sustainability Assurance ('TSA') standards. Today, just 20% of the Quality Assurance market is outsourced, providing us with extremely attractive growth prospects as we innovate with ever greater pace to meet fast-increasing demand for the truly end-to-end Total Quality Assurance ('TQA') solutions that only Intertek is uniquely placed to provide. We continue to look at M&A opportunities in attractive high-margin and high-growth areas and we believe that the post-pandemic world will also offer us significant new growth opportunities through industry consolidation.

All the sectors we address are presenting us with a wide array of structural growth drivers, and these are only set to diversify and increase further in the post-pandemic world. Our Products sector, for example, is ideally positioned to leverage faster innovation by companies across the world, growing numbers of brands and SKUs, and increasing demand for Smart products. In our Trade sector, social mobility and requirements for traceability and operational sustainability are growing fast, fuelling the need for our services. In Resources, increasing needs for digital supply chain management, renewable energies and exploration & production are similarly driving demand. And the need for end-to-end corporate services, from CyberSecurity to risk-based Quality Assurance and people assurance, ensures that Intertek will stay front-of-mind for major corporations across the world.

In short, having withstood more than 130 years' worth of challenges – including world wars, economic recessions and even depressions – Intertek is now proving its ability to respond positively and effectively to the biggest and most challenging crisis of our time. We are well placed to meet the growing demand for the mission-critical services and solutions that are essential in helping to bring about a better and safer world for all as we recover from this crisis.

Solutions that are enabling our customers to operate safely, efficiently and with total peace of mind as we help them to Build Back Ever Better. To do so, we are focusing our innovative efforts on three core priority areas: supporting supply chains; ensuring better personal safety for everybody; and helping the world to lower its carbon intensity. See page 2 for further details.

The key assets that set us apart

Our Purpose, Vision and Values are vital assets, which guide and support all our thinking and activities. They are centred on our people, our unrivalled global population of TQA Experts. They are our core strength, combining passion, innovation and customer commitment in a way that sets us apart and sustains our entrepreneurial spirit and decentralised operating culture. They embody every day all the other key assets that distinguish us. These include:

- Our TQA Customer Promise: Intertek's Total Quality Assurance expertise, delivered consistently with precision, pace and passion, enabling our customers to power ahead safely
- Our high-margin, cash-generative Earnings Model, based on our capital-light business model and entrepreneurial culture, which enable us to respond rapidly to new growth opportunities
- Our ATIC Customer Value Proposition: providing our customers with the quality and safety controls that are more important today than at any time in the past as their operations and value chains grow more complex and exposed to risk:
- **A**: the end-to-end assessment and **Assurance** of quality and safety processes
  - enabling our customers to identify and mitigate intrinsic risk in their operations, their supply and distribution chains and their quality-management systems
- **TIC**: providing quality and safety controls
  - **Testing**: evaluating how customers' products and services exceed quality, safety, sustainability and performance standards
  - **Inspection**: validating the specification, value and safety of our customers' raw materials, products and assets
  - **Certification**: formally confirming our customers' products and services meet all trusted external and internal standards.

These factors combine to drive our commitment to enabling the world to become a better and a safer place both during and following the pandemic. To do so, we have focused on leveraging the spirit of innovation that runs through our organisation, continually strengthening our existing products and services while also introducing exciting new solutions to meet emerging needs. We take a three-pronged approach to innovation:

- from the core: evolving existing solutions and creating new ones to broaden our service offerings to clients in the sectors where we are already established;
- in adjacent sectors: leveraging our expertise in one sector by adapting existing solutions to meet identified needs in an adjacent market; and
- targeting new markets: creating entirely new solutions for markets in which we are currently not involved.

Our 'Ever Better' approach to innovation, driven by our customer-centric TQA Experts, is supporting our clients to thrive by delivering pioneering solutions for today and tomorrow.

Chief Executive Officer's review
Continued

A purpose-led organisation

Through our unique range of products and services, our high-margin, cash-generative earnings model consistently delivers value for all our stakeholders.

This success is based on the energy and enthusiasm with which our people react to our meaningful Purpose of *Bringing Quality, Safety and Sustainability to Life.*

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.

Helping our clients to Build Back Ever Better

2020 will be remembered as the year when a global external event forced everyone to rethink how to operate and make the world a safer place.

We are convinced that the world will be a better and safer place post-COVID-19.

We expect the theme of 'Build Back Ever Better' to guide the actions of governments, companies, investors, regulators and consumers. The learnings of the global pandemic we faced in 2020 will be in three areas:

- Managements, Boards and shareholders will want to see their companies operate with a safer supply chain
- Consumers, governments, companies and regulators will want better personal safety
- The way we will operate and invest post-COVID-19 will help build a low carbon society.

The demand for our services and the experience of our customers across the world clearly demonstrate that the global need for Total Quality Assurance is stronger than ever. And more than ever, our clients are calling for our support, energy, expertise and relentless focus on overcoming the challenges they face.

We know there is much more we can do to build back an 'Ever Better' world by helping to make the supply chains of our clients safer, by ensuring better personal safety for everyone in society and by helping the world to lower its carbon intensity and get to net zero fast.

Safer supply chains

Supply chain assurance is in Intertek's DNA. It became even more important during the pandemic, with strengthened growth drivers ranging from faster access to supplies, improved intelligence, increased demand for supply resilience, end-to-end traceability and more. During the year we drew on our expertise and intimate customer understanding to create a more risk-free trading environment for our clients everywhere.

New services included **SourceClear™**, a new technology platform that provides visibility and traceability across the full range of supply-chain relationships, enabling companies to track sustainable material claims throughout all stages of trade and production in the supply chain. In this way, it empowers our customers to demonstrate their sustainability commitments by managing and certifying verifiable product and materials data and transactions across all supply chain participants. By allowing independent validation of factors such as recycled content, organic materials and good practice during manufacturing, it enables accurate and verified labelling, helping consumers to make well-informed buying decisions.

We brought **Fast-Tek** to market, a comprehensive solution for the key global accounts of our Trade customers, which enables our customers to move their goods more quickly through global supply chains.

As more industries undergo profound shifts at an even faster pace, the need for creative solutions underpinned by research, design and Quality Assurance expertise, has never been more relevant. Our **Maison Centre of Excellence** in Florence, Italy is our new innovative experiential space where science meets luxury, and will bring together – virtually or face-to-face – our industry experts, forward-thinking fashion brands, industry leaders, academics and a host of textile industry participants to collaborate and to take bold new ideas and turn them into reality, reshaping the future in a more sustainable way.

Developments to existing supply chain Assurance services included a significant upgrade to our market-leading supply chain compliance solution with the launch of **Inlight 2.0**. Inlight™ uses integrated learning to help organisations better understand their supply chains and protect their brands. Inlight 2.0 builds on this by providing enhanced analytics that give clients live dashboards of supplier performance, trends, risks and opportunities. This enables them to analyse risks at every point, from the sourcing of raw materials, to regulatory compliance and end-use by consumers.

Responding to demand during the pandemic, we also further developed our **Remote Video Inspection** ('RVI') service, part of our market-leading **Inview** virtual assurance solution, which uses remote live video-streaming and smartphone technology to carry out mission-critical inspection services across the oil and gas supply chain. With some companies restricting access to their sites, our RVI solutions enable inspectors to remain home based while leading inspections of client premises. This is enabling global customers to maintain business continuity, supply chain requirements and manufacturing schedules.

Better personal safety

Our view, supported by research and strengthened by the pandemic, is that health, safety and wellbeing constitute the number one concern for the entire world. Companies everywhere are having to abide by increasingly stringent health, safety, wellbeing and associated risk-management standards, creating important structural growth opportunities for Intertek moving forward. During 2020, we responded positively to this trend, providing governments and clients with pandemic-related assurance solutions and developing many truly ground-breaking innovations.

Building Back Ever Better
Watch our Building Back Ever Better video, available from 30 March 2021, at intertek.com/bbeb

Chief Executive Officer's review
Continued

Intertek Protek™, for example, which we launched at the beginning of May 2020, is the world's first industry-agnostic, end-to-end health, safety and wellbeing assurance programme for people, workplaces and public spaces. The Protek™ portfolio comprises four sets of specialist services:

- Protek™ People Assurance: an on-demand training and certification programme to ensure employees are up-to-date with essential health and safety topics;
- Protek™ Business Assurance: end-to-end auditing of all procedures and systems to ensure clients can demonstrate safety;
- Protek™ Facilities Assurance: audit and inspection services for facilities including hotels, retail outlets, travel hubs, schools and workplaces, where people will look for visible signs of safety verification; and
- Protek™ Materials & Surfaces: complete workplace and public space testing solutions to ensure employee and customer safety.

Our Protek™ experts were also closely involved in the publication of **Travel Truth and Lies Unmasked**, a COVID-safe travel tips eBook written in association with New York Times best-selling author, Martin Lindstrom. The book contains practical advice and guidance covering many areas, to help the world as it starts to travel again. The book is free-to-download from our website intertek.com/protek/travel-unmasked-ebook

The reactions of our clients around the world to Protek™ have been very positive. It is very much in line with what the world needs right now, and we already have many thousands of customers for our solutions in markets across the world. Our new **Protek™ POSI-CHECK** audit solution, for example, helps in the Prevention of the Spread of Infection ('POSI') and has been designed to formulate and monitor an effective response to infections in hotels and restaurants. Its primary aim is to help hospitality clients ensure the safety of their staff and guests as global travel accelerates once again when the pandemic has been brought under control. The CEO of Club Med, specialists in luxury all-inclusive holidays, posted a personal 'welcome back' video message to its guests, reassuring them of the health and safety measures which have been implemented at their resorts by Intertek's Protek™ solution.

We continued to expand the range of solutions from our Intertek Alchemy business, the leading provider of training and engagement solutions for frontline workers. This included the launch of **Alchemy Playbook™**, a mobile application that reduces unplanned downtime for manufacturers by identifying and reallocating workers to fill any gaps in the production caused by a key employee being absent. This has proved particularly important during the pandemic.

We have also been quick to develop a wide range of other services in response to the pandemic, leveraging our leadership in areas including the testing of ventilators, protective clothing and other forms of PPE. Intertek is becoming established as a global PPE market leader, with full testing and inspection capabilities in all key regions.

Among other related initiatives, we also increased our testing capacity and speed of services for hand sanitisers, germicides and surface disinfectants. We built a leading position in germicidal products, strengthened our support to pharma companies for vaccine development, and further developed our CyberSecurity audit solution for people working from home.

Low carbon society

With a tipping point having been reached, sustainability is the movement of our time, and the expectations of all stakeholders have changed as people across the world are deliberately choosing to lead greener 'stay local' lifestyles. This move has accelerated during the pandemic, with remote working, distance learning and online shopping all gaining traction as never before. We built on our position as the industry-leading provider of Total Sustainability Assurance ('TSA') solutions during the year with new launches that help our clients and their customers mitigate their risks and carbon footprint. As a world leader in sustainability services, and a purpose-led organisation, we believe it is important for us to ensure that our own standards are as high as those we provide for our clients. As such our sustainability reporting follows the TSA ten Corporate Sustainability Certification standards. You can read the detail of our activities in this area during 2020 in our separate Sustainability Report.

We started to scale up our **Cyber Assured Programme**, the unique CyberSecurity testing and certification programme providing continuous vulnerability monitoring for connected products, increasingly important given the rise in home-working, online shopping, etc. Intertek Cyber Assured enables manufacturers to ensure their products meet security best practices and emerging regulatory requirements, clearly demonstrating a high level of security to regulators and consumers.

In a major breakthrough innovation, we launched **CarbonClear™**, the world's first independent carbon-intensity certification programme. It gives oil & gas producers the ability both to evaluate emissions across every stage of exploration and production and to validate the carbon impact of producing one barrel of oil equivalent. This brings unique clarity to their cradle-to-gate operations, enabling producers to reduce carbon-intensity and participate in the transition to a low-carbon economy. Ultimately, it will provide consumer transparency, drive buying decisions and enable producers to exercise a price advantage. Critically of course, decarbonising the production of oil & gas is an imperative for the sector and such transparency is a fundamental factor in investment decisions.

'Ever Better' Intertek

Our focus on our role in the global recovery from the pandemic is incredibly important to everybody at Intertek. It draws on our commitment to innovation, growth, cost control, performance management and sustainability. And it acknowledges that the world needs Intertek more than ever – our insight, our innovation, our expertise and our passion.

Free-to-download from our website intertek.com/protek/travel-unmasked-ebook

Chief Executive Officer's review
Continued

Our five corporate goals have consistently driven our activities over the last five years, and have become more important than ever for us during – and after – the COVID-19 pandemic:

- Fully engaged employees working in a safe environment
- Superior customer service in Assurance, Testing, Inspection and Certification
- Margin-accretive revenue growth based on GDP+ like-for-like growth
- Strong cash conversion from operations
- Accretive, disciplined capital allocation policy.

Once again, during 2020 we have made strong progress on our five strategic priorities (see below), which are empowered by our unique set of strategic enablers:

- living our customer-centric culture, built on a strong spirit of entrepreneurship, a customer-focused mindset and engagement at all levels of the organisation;
- disciplined performance management, built on financial and non-financial metrics and processes focusing on margin-accretive revenue growth and strong cash conversion;
- superior technology, improving the customer experience, leveraging back office synergies and delivering superior business intelligence;
- energising our people through investments in their capabilities, providing a fully aligned reward system and promoting internal growth; and
- delivering sustainable results, providing growth for our customers and shareholders, recognising the importance of sustainability for the wider community and achieving the right balance between performance and sustainability.

Our five strategic priorities

Our differentiated brand proposition

Intertek is positioned globally as the leading supplier of truly end-to-end Total Quality Assurance. We have achieved global consistency on our TQA brand proposition and identity across more than 100 countries. At a time when the need for a better and a safer world has never been greater, we have been quick to address ATIC opportunities arising from emerging new growth drivers and created stand-out product brands for our market-leading innovations.

Superior customer service

Our commitment to outperforming our competition on the quality of our customer service is driven by a straightforward business imperative: to build loyalty from our existing clients and win new customers. We recognised the huge operational challenges customers faced during the pandemic and have raised our game even further. We are continuously communicating to understand and respond to their needs and drawing on the metrics and insights from the 6,000+ NPS (Net Promoter Score) customer interviews we hold every month has enabled us to constantly improve our quality of delivery and develop innovative new and improved ATIC solutions, including unique offerings like Protek™ and CarbonClear™.

Effective sales strategy

Existing clients are the most productive source of new business opportunities, and we maintained our focus during 2020 on increasing account penetration into new parts of our customers' businesses. The end-to-end nature of our ATIC portfolio is delivering unique opportunities in this area, supporting the cross-selling of new and existing services. In addition, our emphasis during the year on safer supply chains, health and safety, and the low-carbon society opened many opportunities with new customers across the world.

Growth and margin-accretive portfolio

To achieve the sustainable growth we target, we prioritise those business lines, geographies and service areas where the solutions we provide are of the greatest value to customers and prospects. This enables us to invest in those areas that demonstrate the greatest potential for delivering attractive returns, in terms of both business growth and good margins. During 2020, in the face of the pandemic, we maintained our disciplined focus on how we allocate resource, capital and people, ensuring that we continued to strengthen the core of our business during a time of unprecedented challenges. The Group's centre of gravity continues to move towards the high-growth and high-margin sectors that in turn feed further accelerated margin-accretive revenue growth.

Operational excellence

Continuous improvement is essential to drive the operational excellence that underpins sustainable growth. To achieve this, we operate strict performance management controls to improve the consistency of all activities and processes, so ensuring we achieve the highest standards of efficiency and productivity. We have in place a holistic view of performance at all our locations across the world, enabling us to apply our 'Ever Better' approach to every part of the business, with metrics on key financials such as revenue growth, margin, cash conversion, pricing power and capital allocation; and operational indicators such as customer retention and acquisition rates, marketing leads, the sales funnel, our health and safety performance and NPS.

Highly cash-generative and carbon-light earnings model

The power of our earnings model has massively contributed to Intertek's ranking as the FTSE's leading company in terms of dividend progression between 2003 and 2019, with a CAGR of 17%. This has been achieved thanks to our highly cash-generative and carbon-light earnings model, based on our investments in high-growth, high-margin areas, disciplined capital allocation, strong free cash flow and margin-accretive revenue growth.

Now, with our people across the world drawing on our strategic enablers to deliver against our priorities and so achieve our goals, Intertek is destined to make the world a better, safer and more sustainable place for all.

The services we offer have never been more mission-critical than now and in the years to come. Our position as the FTSE's leading company in terms of dividend growth emphasises our superb performance throughout the 21st Century.

But I believe our best years are still ahead of us.

Sustainability excellence

Intertek is bringing quality, safety and sustainability to life and delivering sustainable value for all stakeholders. We support our client's sustainability agenda with our operational sustainability assurance solutions, our global audits to verify their ESG disclosures and our industry leading corporate certification programme. Sustainability is central to everything we do internally at Intertek, and I am pleased to report that the Group was carbon neutral in 2020 and that we are committed to further progress on our sustainability agenda moving forward, including targeting net zero emissions by 2050.

Intertek has been a force for good for over 130 years, bringing quality and safety to life with a pioneering spirit. Sustainability is central to everything we do at Intertek and we are passionate about making Intertek 'Ever Better', every day.

In 2020, we have made significant progress to deliver sustainability excellence in every operation within the Group, including:

Chief Executive Officer's review
Continued

- driven our sustainability agenda deeper into the organisation by inspiring our people to create local sustainability initiatives;
- developed an Environmental Sustainability Dashboard down to site level to give our people the visibility and ownership of their own environmental data; and
- evaluated ourselves against our own TSA standards and improved our understanding of how we can be truly Best-in-Class.

Our commitment to net zero emissions
In line with our commitment to reducing the carbon footprint of our direct operations, we continue to focus on improving our energy efficiency, purchasing energy from clean sources such as renewables and investing in on-site renewable energy generation at our locations.

In 2017, we set ourselves the target of reducing GHG emissions per employee by 5% by 2023, and we are well on track to achieve that.

We have a carbon-light earnings model. Our average carbon intensity over the last three years was 4.5 tonnes of CO_2 per employee, which is low compared to the all-industry average of 12.3 tonnes of CO_2 per employee (Intertek research based on publicly available information for 2018/19).

In addition, we have bought carbon credits to offset our direct operational Scope 1, 2 and 3 GHG emissions, making 2020 our first carbon neutral year. The credits we have bought help to fund verified carbon off-setting projects that have a meaningful benefit to communities in which we operate, including a hydropower project in Pakistan, an electricity generation project in Turkey, a wind power project in India and a forest conservation project in Brazil.

Further, we have signed up to the Science Based Target initiative which means that we are formally committed to setting independently verified science-based GHG emission reduction targets. Our aim is for our Science Based Target to be aligned to limiting global temperature rise to below 1.5°C and reaching net zero emissions no later than 2050.

Intertek has also joined the UN Race to Zero campaign – a global effort from the United Nations Framework Convention on Climate Change that calls for a resilient, zero-carbon recovery from the COVID-19 pandemic and is aligned with our own ambitious agenda to Build Back Ever Better.

Sustainability means more than net zero
Sustainability is central to our 5x5 differentiated strategy for growth. Internally, we are focused on sustainability excellence in every operation. We believe that 'Doing Business the Right Way' with a systemic approach is the only way to deliver our corporate goals and create sustainable value creation for all stakeholders.

To do that, we follow precise processes and standard operating procedures in ten areas which form our Corporate Sustainability Certification standards. They are:

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

In line with our Sustainability standard on Communications & Disclosures, we have made the disclosures in our 2020 Annual Report broad based to provide total transparency.

We have also set and embedded our targets to go beyond net zero in those areas in our business model that are central to delivering sustainable value for all our stakeholders. Our beyond net zero sustainability targets are:

- 6,000 NPS interviews per month
- Women in 30% of senior management roles by 2025
- Total Recordable Incidents rate below 0.5 per 200,000 hours worked
- 100% attendance of eligible employees at Compliance training
- Voluntary permanent turnover rate less than 15%
- Group Engagement Index score of 90%.

Future focus and outlook

Our structural growth prospects appear ever-more compelling as health, safety, wellbeing, transparency and sustainability grow in importance for companies and individuals alike. Intertek's continued strong performance during the pandemic and the associated global economic downturn highlights the unprecedented importance of our role.

Our success in launching innovative new products and services, and the continuing emergence of powerful growth drivers, also demonstrates the significant scale of the available growth opportunities.

The quality of our results in 2020 illustrates the heightened relevance of our purpose, the underlying strength of our strategy and the resilience of our high-quality and cash-generative compounder earnings model.

Into 2021 and the years ahead, we are committed to further leveraging these strengths and targeting new opportunities to grasp a greater share of the ATIC market. Society has changed. We are in the 'new normal' and are observing new trends and behaviours and demands for products and services that didn't exist prior to the pandemic. Consumers want more sustainable products, supply chain simplicity, visibility and traceability of goods, new solutions for hygiene, health and wellbeing, as well as lower carbon emissions. Employers are being tasked with developing and providing new tech and virtual remote-working solutions.

The world needs Intertek more than ever, with the unrivalled expertise of our people, our focus on delivering risk-based Total Quality Assurance solutions, and our proven track record of innovating and anticipating the growing needs of our clients as the world around them grows more complex. We provide mission-critical ATIC solutions to enable the world's supply chains to operate fully and safely, given the increased expectations from all stakeholders to live in a better and safer society.

André Lacroix
Chief Executive Officer

View our separate Sustainability Report at intertek.com/about/our-responsibility

Key performance indicators

Strong returns on invested capital

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

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 52.

Non-financial KPIs are shown in the Sustainability Report on pages 40 and 41.

Definitions

- **Constant rates ('CCY'):** Growth at constant exchange rates compares both 2020 and 2019 figures at the average and year end exchange rates for 2020, in order to remove the impact of currency translation from the Group's growth figures.
- **Like-for-like:** Like-for-like growth measures are calculated by including acquisitions following their 12-month anniversary of ownership and removing the historical contribution of any business disposals/closures.
- **Operating profit:** Revenue less operating costs.
- **Operating margin:** Operating profit divided by revenue.
- **Return On Invested Capital ('ROIC'):** Adjusted profit after tax (see income statement on page 135) divided by invested capital.
- **Invested capital:** Net assets excluding tax balances, financial net debt and net pension liabilities.
- **Diluted earnings per share:** Profit for the year attributable to equity shareholders of the Company divided by the diluted weighted average number of shares (see note 7 to the financial statements).
- **Cash flow from operations:** See Group cash flow statement (page 140 to the financial statements).

Adjusted actual rates	2020 Adjusted
Adjusted constant rates	2019 Adjusted
Statutory actual rates	Statutory

1 Revenue, adjusted operating profit and ROIC are recalculated using 2019 exchange rates to form the basis for Executive Director remuneration, as described in more detail on page 122.

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 52. There is no difference between adjusted and statutory revenue

3. Dividend per share is based on the interim dividend of 34.2p (2019: 34.2p) plus the proposed final dividend of 71.6p (2019: 71.5p).

4. 2019 ROIC has been prepared using 2020 average exchange rates for adjusted operating profit and adjusted tax, and year end 2020 exchange rates for invested capital. 2019 ROIC at actual rates was 23.7%

Key performance indicators
Continued

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

(8.2%) (6.7%)

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.

(8.3%) (6.8%)

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

(3.5%) (4.2%)

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

(18.4%) (17.0%) (22.1%)

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

(190bps) (190bps) (250bps)

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

(210bps) (190bps)

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

(19.6%) (18.1%) (20.9%)

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

Flat

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

10.2%

Sustainability

Living up to our own sustainability standards

As a leading provider of sustainability services, we report our sustainability progress against our own ten Total Sustainability Assurance ('TSA') Corporate Sustainability Certification standards with which we audit our clients.

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

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

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

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

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

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

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

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

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

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

Working with our clients to Build Back Ever Better
The unprecedented challenges of COVID-19 have sharpened our collective focus on the biggest global risks we all face. The enormous difficulties and personal losses caused by the pandemic have highlighted as never before, that helping to make the world a better, safer and more sustainable place must be a priority.

At Intertek we are determined to play our part in accelerating the transition to a more sustainable approach, for all businesses, including our own. We are ideally positioned to have a positive global impact through the mission-critical solutions we provide and help our customers Build Back Ever Better.

Our sustainability progress in 2020
Sustainability is central to our 5x5 differentiated strategy for growth. We believe that 'Doing Business the Right Way' with a systemic approach is the only way to deliver our corporate goals and create sustainable value for all stakeholders.

For the second year, we are reporting our own sustainability activities against Intertek's ten TSA Corporate Sustainability Certification standards.

You can read about how we apply these standards in the summary of our sustainability activities on the following pages and in more detail in the separate 2020 Sustainability Report.

Looking ahead
For us, the next year is about more than just recovering from the impacts of COVID-19. It's about being part of a global 'Build Back Ever Better' movement in which we work together to create something bigger and better for everybody.

Our sustainability journey is about more than achieving net zero. The ten TSA Corporate Sustainability Certification standards, on which our programme is based, go beyond ESG and recognise that truly sustainable solutions must address the important aspects of every company – environment, products, processes, facilities, assets, systems, corporate policies and stakeholder engagement.

Our journey is well underway. This is the moment when, working with and for everyone, we can play our role in building an 'Ever Better', safer and more sustainable world.

Read more about our sustainability efforts in our separate 2020 Sustainability Report and on our website at intertek.com/about/our-responsibility

Quality & Safety

The principles of quality and safety, part of Intertek's purpose and operations, are cornerstones of sustainability. They sit at the heart of the support Intertek has provided to clients for over 100 years.

Business resilience

Our global network in more than 100 countries keeps us close to our customers. As a large global organisation we also face risks that the business will be affected by something that is outside of our control. Natural disasters, pandemics, terrorism, political unrest, serious fires, cyber-attacks and extreme weather are just some of the risks that we have to consider.

Processes are in place at all levels of the business to mitigate disruption. Our response to the COVID-19 pandemic demonstrates how our business is constantly adapting both its business environment as well as its service offerings to continue to offer the necessary services to clients while protecting the health and safety of employees.

Customer focus

To become the most trusted partner for Quality Assurance, we have made a promise to our customers: Intertek Total Quality Assurance expertise, delivered consistently with precision, pace and passion, enabling our customers to power ahead safely.

Intertek has a strong focus on customers, at all levels of the organisation and our customer relationship management is integrated into our approach through a key account management structure and dedicated sales teams. Our Marketing & Sales Operations team works closely with business lines and country leadership to drive continued improvements.

Listening to our customers

Since 2015, we have used the Net Promoter Score ('NPS') process to listen to our customers, conducting 6,000+ interviews each month.

These insights give us a deep understanding of what our customers need and want, fuelling innovations through insights.

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 providing every Intertek site and team leader with 360° insight into their business to guide their decision-making.

Supply chains

We are committed to 'Doing Business the Right Way'. Our suppliers have an important part to play in contributing to our sustainability. In 2019 we adopted the Intertek Sustainable Procurement policy which sets out principles of how our own employees should act when managing supplier relationships, as well as our expectations of our suppliers on key sustainability issues.

People & Culture

Intertek's first corporate goal is to have fully engaged employees working in a safe environment. We truly value our people. We embrace diversity, inclusion and equality, and our success is based on a culture of trust among colleagues globally.

Our People Strategy is all about energising our colleagues to take our business to new heights.

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

Ensuring the health, safety and wellbeing of our employees

At Intertek we consider the health, safety and wellbeing of our employees, clients and third parties connected with our business to be of paramount importance. Only through having fully engaged employees working in a safe environment are we able to deliver our 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. Our Group-wide 'General Safe Working Guidelines' provide the basis for a common and aligned H&S standard for all Intertek sites.

Group	2020	2019	% change
Hazard Observation	13,279	14,610	-9%
Near Miss	2,852	2,491	14%
First Aid	1,000	1,347	-26%
Lost Time Incidents	65	155	-58%
Medical Treatment Incidents	108	125	-14%
Fatalities	-	-	-
Total Recordable Incident Rate ('TRIR')[1]	0.40	0.61	-21bps

1. Rate refers to the number of lost time incidents, medical treatment incidents and fatalities occurring per 200,000 hours worked.

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.

Our global network of H&S 'Champions' has continued to support 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 disseminating information and programmes globally.

The Intertek H&S agenda continues to be underpinned by our rigorous approach taken to reporting and analysis, with dedicated reporting each month for country and business lines supplemented by inclusion in the 5x5 analysis for every site.

21bps reduction

in Total Recordable Incident Rate vs. 2019

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

The 2020 decline in Hazard Observations principally reflects the lower activity levels across some of our sites due to COVID-19, with the second quarter being the key driver of the year-on-year change. The impact was also reflected in the level of First Aid incidences which encouragingly, and in line with Lost Time Incidents and Medical Treatment Incidents, declined year-on-year more than Hazard Observations. The decline in Lost Time and Medical Treatment Incidents was broad based by geography and business line. The incident decrease year-on-year links through to the Total Recordable Incident Rate ('TRIR') which was down 21bps on 2019 at 0.40.

We are committed to the continuous review and improvement of our H&S performance and have now set a new target for our TRIR to equal or be less than 0.5, which is set at an industry-leading level. This new target will be part of the next phase of our health and safety cultural journey and support our continued aim to achieve zero lost time incidents.

This year we created a range of new health and wellbeing content to support our people. Local campaigns across the year have focused on further developing mental and physical health awareness.

Read more in the separate 2020 Sustainability Report on page 20.

COVID-19

In many ways, the COVID-19 pandemic has been a sustainability crisis. It has challenged the business resilience and continuity plans of many corporations, disrupted supply chains and had significant impacts on people and communities around the world.

For us, the health, safety and wellbeing of our people is a sustainability issue and indeed is always our first priority. We swiftly created a comprehensive, global COVID-19 Employee Health & Wellbeing policy, which we have updated regularly as the situation developed and we have learned more about best-practice in managing the virus. The policy is publicly available on our website.

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

Sustainability *Continued*

Talent attraction, reward & recognition

We reach out to prospective employees in a variety of ways, depending on location and role, in compliance with local regulations for fair recruitment practices and equal opportunities. We post vacancies on our website (intertek.com/careers) and employ various ways of sourcing talented people. These include recruitment agencies, social media, printed advertisements, employee referrals, professional bodies and associations, schools, colleges and universities. We are committed to recruit talent local to our operations where possible.

To offer people career growth and progression within the Group, we seek wherever possible to fill vacancies from within the business first.

Talent management

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

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 TQA 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 2020, our Group Engagement Index score was 89% and our target is to achieve an Engagement Index of 90% moving forward.

During 2020 our Voluntary Permanent Employee Turnover improved from 13.8% in 2019 to 8.7% in 2020, which is well within acceptable industry standards. As we progress our People Strategy we will aim to keep this rate below 15%.

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. Read more on the Board's engagement with employees on pages 85 to 88.

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

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

At Intertek, remuneration for all employees follows the same policy and principles as for the senior executives. The Remuneration Committee has oversight of this and you can find more information in the Remuneration Report on pages 107 to 114.

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.

Skills development

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

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

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

216,000 e-learning training hours completed through our Learning Management Systems

As we operate across a wide range of sectors, different types of technical training, education and support are required, including apprenticeships and internship programmes, as well as college degrees and professional qualifications.

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

100% of our employees have been offered, as a minimum, yearly discussions on growth and development. All employees receive adequate coaching, development and training to ensure they are fully competent to carry out their role.

Protecting human rights

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

Our Code of Ethics training aims to educate all employees about potential integrity issues, including human rights, bribery, corruption, non-discrimination and employee relations. The Code of Ethics contains clear guidance on the grievance mechanisms and whistleblowing procedures that we have in place. Further information can be found on page 34.

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.

For our Modern Slavery Act Statement, visit our website at intertek.com/about/compliance-governance

Sustainability *Continued*

People & Culture

Inclusion, diversity & gender equality

Embracing all talents

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

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

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

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

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

We recognise the importance of gender diversity, in management and across all levels of our business. In line with the Hampton-Alexander Review, as well as supporting gender diversity on our Board, we contributed our data on the gender balance across our senior executive team and their direct reports:

	2020[1]		2019[1]	
	Male	**Female**	**Male**	**Female**
Board	7	4	7	3
Executive Management Team ('Exec')[2]	9	2	10	4
Direct reports ('DR')	83	26	88	21
Combined: Exec + DR	92	28	98	25

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

2 As defined by the Hampton-Alexander Review. This comprises the CEO, Heads of Global functions and EVPs.

Senior management nationalities – countries of origin

Total	205
UK	40
US	39
India	23
Germany	13
China	11
Hong Kong	8
Canada	7
France	7
Australia	7
Vietnam	7
Bangladesh	6
Ireland	4
Sweden	4
Other nationalities	29

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

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

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

Our UK gender pay gap report is published on our website at intertek.com/about/our-responsibility

Our 'Embracing Diversity' model

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

Diversity measured

Gender diversity

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

2020 update

- 6.3% increase in women in senior management roles since 2017.
- Our Board hired an additional female director in 2020, giving us a total of four, or 36%.

Our goals

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

Diversity measured

Talent across all generations

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

2020 update

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

Our goals

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

Diversity measured

Cultural diversity
(arising from country of origin)

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

2020 update

Our global workforce is representative of the countries in which we operate and our senior leadership is representing 34 different nationalities.

Our goals

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

Communities

Our global business spans more than 100 countries and we have a responsibility to make a positive and lasting impact on our local communities.

We contribute in many ways. We provide employment opportunities, volunteer, fund education programmes and support charities to benefit local communities and neighbourhoods.

Each of our countries and business lines define their own sustainability agendas, which are tied to the Group's priorities, aligned to the UN Sustainable Development Goals and focus on their local operations and communities.

Governance

As a sustainable organisation, Intertek embeds responsibility across the entire organisation to build an accountable and diverse governance structure.

Our Board of Directors is responsible for the overall stewardship of the Group and delivery against strategy, through our Group Leadership Team. This includes overseeing sustainability and corporate responsibility. They also discuss and review the risks and opportunities sustainability presents for the Group.

The Sustainability Operating Committee is responsible for advancing our sustainability initiatives internally, and our external sustainability services for our clients.

Read more about our approach to corporate governance, the work of the Intertek Board and its Committees in the Directors' report on pages 71 to 134.

Material topics

We recognise the importance of determining and prioritising the key sustainability topics relevant to the business and our stakeholders. In 2019 we conducted an independent materiality assessment to ensure we are addressing current views and emerging trends. This year, we considered the material topics identified against the external trends shaping our operating environment and concluded that there were no significant changes from the previous reporting period in the list of material topics and topic boundaries.

You can read more about how we consider key sustainability topics in our separate 2020 Sustainability Report.

Risk Management

Managing risk is key to our organisation being sustainable. We build resilience through systemic risk management. This helps assure a strong culture of risk-based business management guided by sustainability objectives, including understanding and managing our supply chain partner risks.

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.

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

Risks and opportunities associated with climate change

The business landscape has evolved significantly over the past few years as attitudes shift and new legislation is introduced to reflect the changing times. Consistent with scientific reports, we recognise that a failure to rapidly decarbonise our economies will lead to increasingly volatile and severe weather-related events with significant economic consequences. While climate change affects nearly all economic sectors, the level and type of exposure and the impact of climate-related risks differs by sector, industry, geography, and organisation. Our own operations may not be as energy intensive or resource depleting as some other industries, but as a multinational company we acknowledge our exposure to various types and degrees of local, regulatory, physical and socio-economic risks associated with climate change.

Task Force on Climate-Related Financial Disclosures

The Task Force on Climate-related Financial Disclosures ('TCFD') is a market-driven initiative shaping the increased response measures to climate-related financial risks. Mitigating and managing the risks and opportunities associated with climate change is fundamental for Intertek.

Risk and opportunity assessment

The disclosures made in this report and within our CDP disclosure cover some of the TCFD recommendations. This year we have focused on identifying the gaps and setting a timetable for full implementation during 2021.

More information is available in our Environment section on page 35.

For Intertek, climate-related risks (e.g. extreme weather patterns, water shortages, floods, or other natural disasters) could give rise to business interruptions in our operations or in our supply chain and impact our customers.

To analyse our Group-level climate-related risks considering countries, business lines and functions, we use our integrated risk management framework. This has resulted in us including climate-related risks (the risk associated with a failure to respond to climate events or climate-related regulation) within our 'Industry and competitive landscape' principal risk (see page 59) and reflecting it within our longer-term viability assessment on that basis.

Climate-related opportunities for us relate mainly to the development of services that support our customers in tackling climate-related risks. As these opportunities are identified, they are analysed by our relevant business lines and innovation teams, which in turn develop appropriate strategies.

Read more about our processes, the role of the Board and the Audit Committee in the Directors' report on pages 71 to 134, together with the Group's principal risks and uncertainties on pages 56 to 63.

Compliance

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.

'Doing Business the Right Way'

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

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

Our Compliance programme ensures:

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

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

Public policy

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

Ethics, integrity and professional conduct

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

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

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

Our Code of Ethics is available on our website at intertek.com/about/compliance-governance

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 2020, 97 reports of non-compliance with the Code were made to our hotline. Of those reports, 27 were substantiated and required remedial action.

Of those substantiated claims:

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

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

Financial

At Intertek we have a holistic approach to financial planning and execution, supported by rigorous internal policies and procedures which are reviewed and updated regularly.

Our five-year strategic plan is underpinned by a bottom-up budgeting and planning process. During the year, forecast financial performance is monitored on a weekly basis and actual performance is reported and reviewed on a monthly basis. This regular reporting and monitoring cycle is critical to delivery of disciplined performance management.

Indirect economic impact and the value we create

We aim to create meaningful and sustainable long-term value for a broad range of stakeholders. We achieve this by providing services and managing our operations and supply chain in such ways that we can contribute to the mitigation of global negative impacts.

As a global business operating in over 100 countries, we have many indirect economic impacts on the communities in which we operate.

As well as providing direct employment, we support local livelihoods through indirect employment and business opportunities. We provide positive societal benefits, through profit generation, paying of local and regional taxes and wages and providing training and development programmes.

Our approach to tax

Intertek's approach to managing the Group's tax affairs and the risks associated with them is set out in our Tax Strategy document. It is guided by an overall adherence to corporate and social responsibility in the countries in which we operate, while serving the interests of our customers, employees, creditors and stakeholders. The Tax Strategy document is approved by the Board of Directors and is subject to periodic review, with any necessary significant changes submitted for approval by the Board.

Access our Tax Strategy document on our website at intertek.com/about/compliance-governance

Environment

All of us have a responsibility to protect the future of the planet. At Intertek, we look to understand our organisation's impacts on the environment and mitigate them in regard to climate change, use of resources, ecosystems and waste management and reduction.

Climate Change

Our stakeholders are increasingly concerned about the consequences of the climate crisis and are looking to us for more sustainable solutions. Intertek plays an important role in raising awareness of climate change and national resource constraints among our employees, suppliers and customers. As such, our aim is to improve operational and natural resource efficiency in a consistent manner across all our sites.

Governance

Environmental governance flows from the Board to every Intertek site. We monitor site-level activities across a range of environmental metrics and work with our sites to reduce energy consumption and limit Greenhouse Gas ('GHG') emissions.

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

Intertek is committed to implementing the recommendations of the TCFD. During 2020 we conducted a review of our position against the 11 recommendations of the TCFD and established a cross-functional working group to implement the required governance and strategy for climate-related risks and opportunities, and the metrics and targets used to assess and manage these.

	2020 update	2021 priorities
Governance Our governance around climate-related risk and opportunities.	Governance for managing climate-related risks and opportunities across the Group is incorporated into our existing governance framework as shown on page 84.	Continue to enhance reporting to the Board and the Leadership Team.
Strategy The process used to identify, assess and manage climate-related risks.	We have identified climate-related opportunities as part of sustainability services innovations. Our Sustainability Operating Committee oversees the development of our climate-related strategy.	Identify any inherent climate-related risks with the potential to have a substantive financial or strategic impact on the business in the short, medium and long-term. Use climate-related scenario analysis to inform our strategy.
Risk management The actual and potential impacts of climate-related risks and opportunities on our business, strategy and financial planning.	To analyse our Group-level climate-related risks considering countries, business lines and functions, we use our integrated risk management framework (see page 34 in our separate 2020 Sustainability Report). Environmental and climate-related risks are also tracked as part of our insurance process.	Update and expand climate risk assessments. Investigate reporting challenges on additional Scope 3 GHG reporting.
Metrics and targets The metrics and targets used to assess and manage relevant climate-related risks and opportunities.	GHG metrics can be found on pages 36 and 37. We are well on track to achieve our 2017 carbon intensity reduction target.	Prepare future targets.

Our carbon emissions reduction targets

Intertek clients depend on our safety, quality and environmental expertise to ensure their products meet global market expectations. Intertek will continue to strive for emissions reductions internally as the world's leading Total Quality Assurance ('TQA') provider.

We first set a target in 2017 to reduce our CO_2 emissions per employee by 5% year-on-year up to 2023, and we are well on track to achieve that.

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

We are working with our teams around the world on this and will communicate our targets and action plans once these have been validated.

Intertek's part in a low carbon economy

We recognise that we need to play our part within the move to a low carbon economy. To make real change happen, we believe all our people need to have ownership of their carbon footprint and be empowered and inspired to take ambitious actions to reduce it - our Sustainability Excellence approach.

1 Identify Sustainability champion or team
2 Evaluate baseline performance
3 Establish target setting
4 Develop 10X action plans
5 Implementation
6 Performance tracking
7 Reporting and Recognition

At some of our sites, we have carried out energy audits, which have already led to energy efficiency improvements, including the roll-out of LED lighting at numerous sites and trials of new technologies.

We are exploring on-site energy generation through various projects. In addition, we will source certified renewable energy, where possible and economic to do so.

Our UK business has transitioned 95% of utility suppliers to renewable energy.

Global energy use[1] by source (MWh)	2020	2019
Standard electricity	253,849	263,676
Renewable electricity	7,487	-
Vehicle fuels energy	40,146	-
Non-transport fuels energy (natural gas)	66,518	69,871

1. UK portion of total energy use was 6.8% (2019: 5.5%).

Environmental management

The delivery of our sustainability strategy is supported by our Group-wide Quality Management System - which is aligned with internationally recognised standards on health, safety and the environment. We operate this across 80% of our operations and, in 2020, 65 sites achieved or maintained one or both ISO 14001 and ISO 45001 (OSHAS 18001) certifications.

At Intertek we take an 'Ever Better' approach to ensure our data is wholly accurate and consistent year-on-year. Data collection continues to improve, with over 130 users adding site level data every month to our Global Sustainability Environmental software platform.

In 2020, we implemented emissions dashboards which allow the regional teams at our sites to understand their total carbon emissions and what is causing them, and to put in place initiatives at site level to improve their metrics and manage their own environmental impact.

To support this effort, our Environmental and Climate Change policy has been updated and is implemented by country management to ensure compliance with local guidelines and regulations.

Our activities across the world are diversified, with a spread of both laboratories and offices. Our carbon emissions intensity is higher in businesses that are more capital intensive such as our global laboratory network, while our audit and office-based operations, have much lower capital intensity.

This year we have seen a drop in our UK market-based Scope 2 emissions due to the transition to renewable electricity. As we continued to operate throughout the pandemic (with most of our operations classed as essential services) the impact of COVID-19 on emissions from Employee Commuting was limited.

We continued our efforts to expand our disclosures for material Scope 3 emissions and have disclosed Business Travel for the first time. As a result of lockdowns and travel restrictions due to COVID-19 in the second half of the reporting period, emissions disclosed are approximately half of what Intertek would normally expect.

Our annual environmental reporting cycle ran from 1 October 2019 to 30 September 2020. 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, available on our website at intertek.com/about/our-responsibility

Sustainability *Continued*

Scope	Emissions	tonne CO_2e[1]	2020	2019
Scope 1 Direct GHG emissions	Emissions from activities for operations which Intertek owns or controls including the combustion of fuel and operation of facilities	Global (excl. UK)	60,686	62,520
		UK	2,439	2,431
Scope 2 Indirect GHG emissions	Emissions from the purchase of electricity, heat and steam purchased for our use (location-based)	Global (excl. UK)	119,679	125,213
		UK	3,188	3,480
	Emissions from the purchase of electricity, heat and steam purchased for our use (market-based)	Global (excl. UK)	123,200	128,841
		UK	2,151	5,329
Scope 3	Employee Business Travel (Air travel only)[2]	Global (excl. UK)	11,289	-
		UK	956	-
	Employee Commuting	Global (excl. UK)	56,670	64,140[3]
		UK	2,475	2,956
	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Global (excl. UK)	6,974	7,392
		UK	271	296
	Absolute CO_2e (market-based)		267,111	273,764
	Carbon off-setting[4]		267,111	-
	Intensity ratios - Scope 1, 2 and 3 emissions			
	Operational emissions[5]			
	CO_2 per employee (location-based)		4.29	4.50
	CO_2 per employee (market-based)		4.34	4.62
	CO_2 per £m revenue[6] (market-based)		71.39	-
	Employee commuting			
	CO_2 per employee commuting		1.31	1.50[3]
	Average number of employees during the reporting period		45,092	44,775

External assurance

In 2018 we appointed Ernst & Young to provide independent assurance of our environmental performance. Their Assurance Statement for 2020 describes the work undertaken and their conclusion for the reporting period.

> **The full Ernst & Young Assurance Statement can be found in the separate 2020 Sustainability Report on page 43.**

1. CO_2e - Carbon dioxide equivalent.
2. Please refer to our Basis of Preparation document for full details of scope. Business travel data was collected for the first time in 2020.
3. The prior year total Employee Commuting emissions were 74,332 (reported) vs. 67,096 (restated). This is a result of increased attention to detail and diligence in the collection of data
4. Carbon offsetting through the acquisition and surrender of emissions units on the voluntary markets.
5. Intensity ratios are based on the total of Scope 1, Scope 2 and Scope 3 Fuel- and Energy-Related Activities.
6. Revenue for the FY 2020 as shown on page 25.

Voluntary off-setting projects

As well as cutting our emissions, we have used carbon credits to offset our direct operational Scope 1, 2 and 3 GHG emissions, making 2020 our first carbon neutral year.

We have chosen credible and verified carbon off-setting projects that provide social benefits in communities where we have an impact in addition to carbon abatement.

Hydropower Project, Pakistan

The project is a run-of-river hydropower scheme without any dam, new storage, displacement/resettlement of human habitation, change in the hydrological regime or any other adverse environmental impact.

Wind Power Project, India

This project involves the bundling of 396 Wind Turbine Generators sponsored by 201 individual investors with a total installed capacity of 236,050MW. The energy produced displaces fossil fuel generated grid power or, when supply is intermittent, power supplied by diesel back-up generator sets. In addition to the Greenhouse Gas emission saving, the project generates employment through direct labour and by enabling economic development in the region.

Tropical Forest Conservation Project, Brazil

The project protects tropical rainforest in the Acre region of Brazil from logging and encroaching cattle ranches, with the objective of generating net positive climate, community and biodiversity benefits.

The project fosters economic opportunities for local communities through sustainable farming and the sale of acai berries and medicinal plants, promotes environmental stewardship, and provides health services and educational courses. Combined, these activities help discourage deforestation in the wider region.

Landfill Gas Extraction and Electricity Generation Project, Turkey

This project captures and converts waste gas, methane, and uses it to power turbines that feed electricity into Turkey's grid.

In addition to reducing GHG emissions the project improves air quality, local groundwater and has generated local and regional employment with much of the investment spent locally.

Enterprise Security

Intertek has robust measures in place to protect its people, processes and data.

At Intertek we have adopted a risk-based security framework, based on international best practices to protect customers, employees and Intertek data.

Our framework is based on clear policies, standards and supporting guidelines. We support our operations and ultimately our customers by facilitating growth and change with:

- scalable, flexible IT solutions and services;
- streamlining operations and improving processes and productivity to reduce costs of IT infrastructure and applications; and
- innovations, enhancing service delivery and strengthening internal and external customer relationships.

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.

> **Read more on our approach to Enterprise Security in our separate 2020 Sustainability Report**

Communications & Disclosures

Engagement with our shareholders and wider stakeholder groups plays a key role throughout our global business, including at Board level. It helps us to understand the impact of our decisions on stakeholder, and provides insight into their needs and concerns. It underpins good governance, which is embedded throughout our business.

Reporting approach

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

Reporting on our sustainability performance indicators in a consistent and accurate manner is essential for transparent reporting. We prepare them in line with our own framework of the ten Total Sustainability Assurance Corporate Certification Standards as well as other additional frameworks.

An index of our sustainability targets and our disclosures - against SASB, GRI and our own more comprehensive TSA standards - is available on our website at intertek.com/about/our-responsiblity

Details of how we have engaged with, and taken into consideration, the interests of those stakeholders who are material to the long-term success of our business can be found on page 13 and in the section 172 statement on pages 64 to 70 of this report.

Communication guidance and policies

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

The media plays an important role in defining the way Intertek is perceived by its stakeholders. Our media policy sets out procedures with respect to the public release of information by employees to the media.

Internal communications

We share the mission, values and success of the Group with our people and develop a supportive and inspiring workplace culture worldwide. This involves regular and consistent engagement with our people through employee communications. The Intertek Group intranet is the internal communication hub of Intertek keeping colleagues connected and helping them share knowledge across more than 100 countries.

Sustainability *Continued*

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. Most of our reporting on these topics and KPIs is contained in our Strategic report. More detail can also be found in our separate 2020 Sustainability Report which is available on our website.

Reporting requirement	Description, implementation, due diligence, outcomes and additional information
Environment	Environment - **pages 35 to 38** →
Employees	Nomination Committee report - **pages 94 to 97** → Compliance - **pages 33 and 34** → Quality & Safety - **page 27** → People & Culture - **pages 28 to 31** →
Social matters	Communications & Disclosures - **page 39** → Communities - **page 32** →
Human rights	People & Culture - **pages 28 to 31** →
Anti-corruption and anti-bribery	Principal risks and uncertainties - **pages 56 to 63** → Compliance - **pages 33 and 34** → People & Culture - **pages 28 to 31** →
Description of principal risks and impact of business activity	Principal risks and uncertainties - **pages 56 to 63** →
Description of the business model	Our Business model including our High Quality Earnings Model - **pages 08 to 13** →

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

Health and safety

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

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

2020 update and targets

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

Customer satisfaction

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

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

2020 update and targets

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

Sustainability *Continued*

Environment

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

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

2020 update and targets

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

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.

2020 update and targets

	2018	2019	2020
Employee voluntary turnover (% of permanent employees)	14.9	13.8	8.7
Group Engagement Index score			89%

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

Diversity & Inclusion

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

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

1. As defined by the Hampton-Alexander Review to allow year-on-year comparison. This comprises the CEO, Heads of Global functions and EVPs.

2020 update and targets

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

Compliance

Compliance training
Completion of annual compliance training by eligible employees[1] (online or face-to-face, when available) during the training window.

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

1. Eligible employees include those with access to the '10X Way!' training platform and those receiving compliance training face-to-face. This includes employees who are on parental or other forms of long-term leave who accordingly do not complete the training in the period of their leave. New joiners complete training throughout the year as part of their induction.

2020 update and targets

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

Operating reviews

Products

Resilient revenue performance

Business lines

- Softlines
- Hardlines
- Electrical & Connected World
- Business Assurance
- Transportation Technologies
- Food
- Chemicals & Pharma
- Building & Construction

Revenue
£1,681.6m

Adjusted operating profit
£351.6m

Statutory operating profit
£319.5m

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; people assurance; process performance analysis; facility plant and equipment verification; and third-party certification.

Strategy

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

2020 performance

Our Products business delivered a resilient revenue performance, benefitting from its defensive strengths, with a robust margin of 20.9%.

Our Products-related businesses delivered a revenue performance of £1,681.6m, down 5.7% at constant rates with a LfL revenue performance of 5.9% below prior year. We delivered an adjusted operating profit of £351.6m, down 12.4% at constant rates. Adjusted operating profit margin was down 160bps at constant rates.

In H2 2020, our Products-related businesses benefitted from a strong rebound in ATIC demand and delivered a revenue performance of £881.3m, up 12% on H1 2020 at constant currency. We delivered an H2 2020 adjusted operating profit of £216.1m, up 61% on H1 2020, and an H2 2020 adjusted operating margin of 24.5%, up 760bps on H1 2020.

- In H2 2020, our **Softlines** business delivered a mid-single digit decline in LfL revenue, resulting in a double-digit decline in LfL revenue on a full year basis. In the last six months, our global Softlines business benefitted from continuous growth in e-commerce, increased demand for testing protective equipment and the reduction in the lockdown restrictions in some of our markets. However, our performance was impacted by continued store closures in Western Europe and North America and some retailers delaying the launch of new products due to the disruption of their supply chains in the first half of the year.
- Our **Hardlines** business saw improved momentum in the second half with a low single digit decline in LfL revenue, resulting in mid-single digit decline in LfL revenue on a full year basis. In H2 2020, our Hardlines business benefitted from continuous growth in e-commerce, increased consumer demand for home furniture and toys and the easing of lockdown restrictions in some of our markets, while closures of stores in Western Europe and North America continued.
- Our **Electrical & Connected World** business delivered robust LfL revenue growth in H2 2020, resulting in a solid LfL revenue performance in 2020. In the last six months, our Electrical and Connected World business saw an increased level of ATIC activities driven by increased demand for higher regulatory standards in energy efficiency, the strong growth in testing and certification of medical devices, the increased testing requirements for 5G and a greater corporate focus on CyberSecurity.

Financial highlights 2020

	2020 £m	2019 £m	Change at actual rates	Change at constant rates
Revenue	1,681.6	1,796.7	(6.4%)	(5.7%)
Like-for-like revenue	1,676.2	1,794.5	(6.6%)	(5.9%)
Adjusted operating profit	351.6	405.4	(13.3%)	(12.4%)
Adjusted operating margin	20.9%	22.6%	(170bps)	(160bps)
Statutory operating profit	319.5	381.5	(16.3%)	
Statutory operating margin	19.0%	21.2%	(220bps)	

- Our **Business Assurance** business delivered a solid LfL revenue performance in H2 2020, resulting in a mid-single digit decline in LfL revenue on a full year basis. The easing of lockdown restrictions in the second half has driven a rebound in the number of ISO audits in some of our operations, while we continue to benefit from attractive growth in supply chain assurance, the continuous focus on ethical supply, the increased needs of corporations for sustainability assurance and the strong growth in our People Assurance segment.
- Our **Building & Construction** business delivered a mid-single digit LfL revenue decline in the last six months, resulting in a low single digit LfL revenue decline on a full year basis. We continue to benefit from the growing demand for more environmentally friendly and higher quality buildings, as well as strong investments in large infrastructure projects, although the temporary reduction of building and construction activities we saw in Q2 due to lockdown restrictions in some of our North America markets continued in the second half.
- Our **Transportation Technologies** business delivered a double-digit LfL revenue decline in H2 2020, resulting in a double-digit negative revenue in 2020. The lower demand for testing activities we saw in Western Europe and North America in Q2 continued in H2 2020, which was partially offset by the continued investments of our clients in new powertrains to lower CO_2/NO_x emissions and increase fuel efficiency.
- Our **Food** business delivered a good LfL revenue growth performance in H2 resulting in a solid revenue performance on a full year basis. In H2 2020, we benefitted from the resumption of the supply operations of our clients in most markets, from sustained demand for food safety testing activities and increased demand for hygiene and safety audits in factories, hospitality and retail locations.
- In H2 2020, we saw a mid-single digit LfL decline in revenue in our **Chemicals & Pharma** business, resulting in a high single digit LfL decline in revenue on a full year basis. In the last six months, we saw an improvement in demand for regulatory assurance and chemical testing in some of our operations in America and Western Europe while, given the importance of COVID-19, the Pharma industry continues to reprioritise their R&D investments, delaying testing projects for our laboratories.

2021 outlook

In 2021, we expect all of our Products business lines other than Transportation Technologies to deliver YoY revenue growth.

Mid- to long-term growth outlook

Our Products division will benefit from mid- to long-term structural growth drivers, including brand and SKU expansion, a faster innovation cycle, increased focus on safety, performance & quality, demands for smart products, a higher demand for healthy and sustainably sourced products, and the middle class growth of emerging markets.

Case study

Safeguarding health, safety and wellbeing

Launched during the pandemic in 2020, Protek™ is the world's first end-to-end health, safety and wellbeing assurance programme for people, workplaces and public spaces across any industry. Responding to urgent customer needs arising from COVID-19, and drawing on Intertek's unique approach to Total Quality and Building Back Ever Better, Protek™ provides Audit/ISO certifications, product testing, PSI facility health management, and COVID-19 surface checks that provide peace of mind to businesses around the world. Our top-selling Protek™ service is the POSI-CHECK audit solution, which helps in the Prevention of the Spread of Infection ('POSI'), and is designed to formulate and monitor an effective response to communicable infections at a time when this a major concern for so many businesses.

In 2020, through Intertek Protek™, we worked with a number of organisations, including TUI Group German hotels. Intertek played a key role in helping TUI develop its 'ten-point plan' to re-open its hotels, and provided a training and inspection programme for their staff that includes training materials, webinars, checklists and customer information. The POSI-CHECK audit assessed their ability to prevent the spread of infection through policies, procedures, infrastructure, and dedicated resources and personnel. The TUI hotels in Germany that underwent auditing were certified within a two-week period. They all passed with very strong scores, highlighting the vast amount of work the hotel management teams had done to meet government guidelines and POSI best practices.

We have also teamed up with New York Times best-selling author and behavioural psychologist, Martin Lindstrom, to launch a COVID-safe travel tips e-book titled 'Travel Truth and Lies Unmasked'. The book is based on unique industry insights and interviews with pilots, airlines and hotel chains, as well as input from our own subject matter experts.

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

POSI-CHECK - Prevention of the Spread of Infection

- **What it is:** Our POSI-CHECK audit solution was created to support organisations and help them Build Back Ever Better as the world recovers from the COVID-19 pandemic. It is designed to formulate and monitor an effective response to communicable infections in busy establishments, such as manufacturing facilities, hotels, restaurants, supermarkets, universities and schools.
- **Customer benefit:** Our TQA Experts work with our clients' staff and management teams to implement POSI protocols at their facilities. We provide the tools they need to maintain a level of infection control, and the dedicated POSI-CHECK certification they earn helps to demonstrate their commitment to the health and safety of their people, and their guests and customers.

Vaccine development and testing solutions for the pharma industry

- **What it is:** We work across many complex biologic and oligonucleotide modalities such as mRNA therapeutics or vaccines, and are key players supporting industry with strategic, Good Manufacturing Practice ('GMP') compliant analytical and formulation solutions tailored to the molecule's development stage and formulation. We also have one of the largest GMP facilities in Europe for inhaled medicine development and have supported multiple COVID-19 treatment development projects including five mRNA vaccines.
- **Customer benefit:** Working with the world's leading pharma companies, we deploy our 30+ years' experience in inhaled product development, biologics characterisation and rapid development strategies, helping our clients to meet accelerated development timelines. We provide strategic partnerships involving short or long-term solutions for bioanalysis, inhaled formulation development, characterisation and quality control testing support, stability studies, and clinical trials manufacturing.

Priority testing service for life-saving medical equipment

- **What it is:** We have launched a 'First-In-Queue' Priority testing service for critical care devices, such as ventilators, respirators, PPE, CPAP machines and other in-demand medical products. Our laboratories across North America have made it their top priority to ensure these devices receive immediate attention so they can be tested, certified, and delivered quickly to healthcare workers.
- **Customer benefit:** We have the TQA expertise, and the best-in-class capabilities and customer service to support our clients in developing and manufacturing medical equipment. They also benefit from our strong connections with the trade associations and regulatory agencies to help ensure the seamless manufacturing and supply of PPE and medical devices.

Protective clothing and other PPE - end-to-end testing and certification

- **What it is:** As a global market leader in safeguarding the quality and safety of personal protective equipment ('PPE'), Intertek has decades of experience in Assurance, Testing, Inspection and Certification of face masks, respirators, gowns, protective clothing, safety goggles, gloves and more. We are proud to provide unrivalled support to PPE manufacturers, buyers and governments around the world through our PPE Centres of Excellence with strong technical expertise, and helping in the global fight against COVID-19 by facilitating the delivery of critical supplies to the people who need them urgently.
- **Customer benefit:** We offer 24/7 support through around the globe, to deliver end-to-end Quality Assurance of PPE, from raw materials sourcing, to production, to retail and distribution. We support our consumer products customers that are transitioning to producing PPE by helping them navigate testing and certification requirements to ensure their products meet regulatory requirements and provide the protection they claim. We also offer innovative solutions (e.g. the Intertek Mask Label Scheme) to help promote PPE regulatory compliance and increase transparency, building trust between buyers, sellers and consumers in the PPE supply chains.

Development of germicidal products - safety, performance, and microbial efficacy

- **What it is:** Germicidal products are used in a variety of places: healthcare facilities, homes, schools, offices, and other public spaces. They render bacteria and viruses inactive, but these products are quite complex, meaning there are several considerations to ensure their safety, performance, and microbial efficacy. There is also no single standard that is specific to all germicidal products.
- **Customer benefit:** While it is largely up to manufacturers and their testing partners to identify applicable standards for germicidal products, Intertek has been working with customers to provide evaluation and certification services to assist with product development, and to ensure they meet regulatory requirements and protect the health and safety of users.

Inlight 2.0 - managing increasingly complex supply chain risks

- **What it is:** First launched in 2017, Intertek Inlight™ provides the platform, expertise and people that enable organisations to better understand their supply chain risks and protect their brand. Our 2020 upgrade, Inlight 2.0, adds new and enhanced features to its market-leading supply chain compliance solution, offering organisations enhanced analytics, in-depth inherent risk and integrated eLearning for suppliers.
- **Customer benefit:** Inlight 2.0 is a cost-effective solution for global companies who require trusted information about the identities, capabilities and compliance of their supplier partners. Inlight 2.0 allows users more flexibility and customisation to their unique supply chain programmes, including live dashboards of their suppliers' performance, trends, risks and opportunities.

Shared audit programme - dedicated to the food industry

- **What it is:** Our new shared audit programme is built on a trusted partnership between Intertek and Roquette, a global leader in plant-based ingredients for products in the Food, Nutrition and Health markets. It allows several food companies to evaluate the same supplier simultaneously through a single third-party audit, while maintaining the same high standards of quality and safety.
- **Customer benefit:** This shared approach provides multiple benefits to food companies, by introducing the concept of shared audits to the food industry. As part of the service, we offer a top-quality, time-optimised audit performed by one of our experts, a tailored audit report, and an audit solution that is fully adapted to the current worldwide health situation.

Case study

SourceClear™ visibility and traceability across the supply chain

Launched in 2020, SourceClear™ helps organisations of all sizes track sustainable material claims throughout all stages of trade and production in their supply chain.

Intertek experts provide independent certification of facilities and materials claims and manage the end-to-end process for scope certificates and transaction certificates against Textile Exchange standards: Recycled Claim Standard ('RCS'), Global Recycled Standard ('GRS') and Organic Content Standard ('OCS').

SourceClear™ enables transparency and assurance that organisations are taking proactive measures to be more sustainable through responsible sourcing of preferred raw materials that minimise environmental impacts, and promoting environmental and social good practices in the value chain.

Brands and retailers can confidently demonstrate sustainability commitments through independent certification of material claims and accurate labelling of products.

Operating reviews

Trade

Robust recovery in H2 with good increase in demand for ATIC services

Business lines

- Caleb Brett
- Government & Trade Services
- AgriWorld

Revenue
£592.6m

Adjusted operating profit
£47.1m

Statutory operating profit
£42.1m

Intertek value proposition

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

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

Strategy

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

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

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

2020 performance

Our Trade business benefitted from our strong customer relationships and the defensive strengths of our agriculture services.

We delivered a resilient revenue of £592.6m with a LfL revenue performance of 9.9% below prior year at constant rates and an adjusted operating profit of £47.1m, down 42.6% at constant rates. Adjusted operating margin of 7.9% was down 460bps versus last year.

In H2 2020, our Trade-related businesses saw a good sequential improvement in demand, resulting in a revenue performance of £297.9m, up 4% on H1 2020 at constant currency. We delivered an H2 2020 adjusted operating profit of £27.0m, up 40% on H1 2020, and an H2 2020 adjusted operating margin of 9.1%, up 240bps on H1 2020 at constant currency.

- Our **Caleb Brett** business saw continued momentum in H2 2020 with a high single digit decline in LfL revenue, resulting in a high single digit LfL revenue decline on a full year basis. In the second half, our Caleb Brett business benefitted from an improvement of global mobility and a rebound of the global economy in H2.
- Our **Government & Trade Services** business provides certification services to governments in the Middle East and Africa to facilitate the import of goods into their markets, based on acceptable quality and safety standards. We saw a double-digit decline in LfL revenue in H2 2020 and on a full year basis, due to the disruption of manufacturing in China in Q1 and the lockdown activities in the Middle East and Africa impacting cross-border trade flows in both Q2 and H2.
- Our **AgriWorld** business delivered robust LfL revenue growth in H2 2020 resulting in solid LfL revenue growth on a full year basis. Following a stable performance in H1 2020, we saw an increase in demand for inspection activities driven by an easing of the lockdown restrictions in most of our markets.

2021 outlook

In 2021, we expect our Trade division revenue to be broadly flat.

Mid- to long-term growth outlook

Our Trade division will continue to benefit from population growth and social mobility, GDP growth, the development of regional trade, improvements in transport infrastructure, the increased need for end-to-end traceability and the increased focus on Operational Sustainability.

Innovation

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

Financial highlights 2020

	2020 £m	2019 £m	Change at actual rates	Change at constant rates
Revenue	592.6	679.4	(12.8%)	(9.9%)
Like-for-like revenue	592.6	679.4	(12.8%)	(9.9%)
Adjusted operating profit	47.1	86.6	(45.6%)	(42.6%)
Adjusted operating margin	7.9%	12.7%	(480bps)	(460bps)
Statutory operating profit	42.1	82.0	(48.7%)	
Statutory operating margin	7.1%	12.1%	(500bps)	

Fast-Tek – global solution that gets trade moving faster

- **What it is:** Intertek's Fast-Tek is a customised global trade solution that provides high-speed certification of shipments to get trade moving faster. It offers an enhanced Total Quality Assurance customer experience – enabling the optimised and efficient registration and assessment of products, streamlining our clients' administrative processes and minimising complexity.
- **Customer benefit:** Our in-house labs and inspectors support our clients with Fast-Tek registration, expediting the inspection and certification process, without compromising compliance or quality. This enables them to get their goods moving through their supply chains more quickly, and can help to reduce overheads, both in the administrative burden and the associated costs of certification.

Digitised Assurance – partnership with UK-based blockchain platform VAKT

- **What it is:** Intertek Caleb Brett has joined VAKT, the world-leading post-trade management platform, powered by an innovative blockchain platform that digitises the global commodities trading industry. Our operational system has been electronically integrated with the VAKT platform, allowing us to provide assurance services, such as identifying double entries and turnaround time, and de-risking quality issues related to the transposition of data.
- **Customer benefit:** VAKT's platform will enable Intertek customers to identify double entries, improve turnaround times, and receive inspection results seamlessly. Intertek Caleb Brett will provide Quantity and Quality services to their consortium members, leveraging its vast experience in helping companies ensure the quality and safety of their products, processes and systems.

Fuel testing technology – new Cetane Rating Unit in Shanghai

- **What it is:** Intertek Caleb Brett has expanded its testing capabilities in its Shanghai laboratory with the installation of a new Cetane Rating Unit, capable of determining and certifying the ignition quality of diesel fuels. It is the only one of its kind anywhere in China, and will help with the Chinese Government's focus on a nationwide fuel quality programme to prevent and control air pollution.
- **Customer benefit:** The new CFR F5 XCP engine puts Caleb Brett at the forefront of fuel testing technology and will support our customers now and in the future as China moves to improving the environment and living standards. It will also help to ensure the integrity of the fuel supply chain from refinery to the pump, and will support local oil majors and all independent refineries to assure their fuel quality monitoring processes.

Cotton DNA testing – improving the process and product quality

- **What it is:** Intertek AgriWorld has improved the way we provide assurance on the hybrid cotton materials that cotton breeding companies produce and market. We do this in our specialist laboratories, using DNA testing to determine a DNA fingerprint for various cotton hybrids. Ultimately, this helps farmers access pure hybrid seeds, improving the overall production process and product quality.
- **Customer benefit:** Our clients' production material can be checked using our DNA fingerprint information, which represents a substantial improvement for breeding companies. Previously, they had to plant the seeds and wait for the plant to flower before they could determine the purity of a hybrid being tested. The testing process was time-intensive and had a significant margin of error, as the determination was made visually.

Case study

Inview – interact remotely and safely with our technical inspection experts

Inview is a remote inspection solution that enables Intertek to deliver more efficient and COVID-safe inspections, supporting a cohesive approach to quality, compliance, safety and sustainability. Customers can access Inview using a regular smart phone or other smart device. In a trade context, Inview can be used to deliver inspections in relation to shipment certificates of conformity or commercial inspections.

In a trade environment where speed is of the essence, Inview enables faster access to Intertek's Government and Trade Services team of qualified technical inspection experts, accelerating inspection turnaround time. Any issues detected in the course of an Inview inspection can be brought to the customer's instant attention and full inspection records (including video and images can be made available for internal assessment and auditing purposes. As inspections are conducted remotely rather than in person, Inview supports public health and wellbeing by reducing any on-site exposure. All Inview inspections are performed to the highest standards and follow the same strict quality procedures as those performed by our on-site inspectors.

Operating reviews

Resources

Stable revenue performance

Business lines

Industry Services
Minerals

Revenue
£467.5m

Adjusted operating profit
£29.0m

Statutory operating profit
£16.6m

Intertek value proposition

Our Resources division consists of two business lines with differing services and customers, but both demonstrating similar cyclical growth characteristics:

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

Strategy

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

2020 performance

We benefitted from the strength of our business model in Resources, enabling us to deliver a resilient performance in revenue and margin.

Our Resources-related businesses delivered a revenue performance of £467.5m with a LfL revenue change of (6.1%) at constant rates and an adjusted operating profit of £29.0m, down 8.2% at constant rates, enabling us to deliver a margin of 6.2%, down YoY by 10bps.

- In H2 2020, Resources delivered a stable revenue performance at constant currency compared to the first six months. We delivered an H2 2020 adjusted operating profit of £16.4m, up 28% on H1 2020 at constant currency, and an H2 2020 adjusted operating margin of 7.1%, up 160bps on H1 2020 at constant currency.
- In H2 2020 we saw a reduction in Exploration and Production investments by our clients in some of our markets such that our **Capex Inspection Services** business delivered a high single digit negative LfL revenue performance in the last six months, resulting in a low single digit LfL revenue decline in 2020.
- We saw a double-digit negative revenue performance in **Opex Maintenance Services** in the second half, as well as in H1 2020, as the lockdown restrictions and the cost-saving initiatives of our clients have impacted the demand for our inspection services.
- We delivered robust revenue growth in our **Minerals** business in 2020, as we saw increased demand for testing and inspection activities.

Financial highlights 2020

	2020 £m	2019 £m	Change at actual rates	Change at constant rates
Revenue	467.5	510.9	(8.5%)	(6.3%)
Like-for-like revenue	467.1	509.4	(8.3%)	(6.1%)
Adjusted operating profit	29.0	32.2	(9.9%)	(8.2%)
Adjusted operating margin	6.2%	6.3%	(10bps)	(10bps)
Statutory operating profit	16.6	22.3	(25.6%)	
Statutory operating margin	3.6%	4.4%	(80bps)	

2021 outlook

In 2021, we expect revenue in our Resources divisions to be below last year.

Mid- to long-term growth outlook

Our Resources division will grow in the medium-to long-term as we benefit from population growth and social mobility, investment in Exploration & Production, Storage and Transportation, Total Energy and diversified portfolios, accelerated transition to renewable energies, increased focus on Operational Sustainability, and digital supply chain management.

Innovation

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

Speeding up the X-Ray diffraction assessments of iron ores

- **What it is:** Intertek's X-Ray Diffraction Analysis ('XRD') investigates crystalline material structure, including atomic arrangement, crystallite size, and imperfections. Our Minerals team has recently developed a unique batching method to considerably speed up the X-Ray diffraction assessments of iron ores from a preset analysis in the quantitative software to the off-line calculation and tabulation of results and subsequent report writing.

- **Customer benefit:** The batching method delivers a more cost-effective service for our iron ore customers by reducing the amount of time analysing and organising the results, thus allowing for improved efficiencies in delivering results. Furthermore, the batching process has been extended to other ores routinely analysed by X-Ray diffraction.

Scaling-up our Remote Video Inspection ('RVI') solution

- **What it is:** Intertek's remote inspection service involves secure live-streamed audio-video conferencing, even in low bandwidth connectivity, as well as advanced functionalities that assist the inspection process, such as on-screen telestration (where an operator can draw a freehand sketch over a moving or still video image), document sharing, camera zoom and flash-light control, on-screen chat, screen captures and annotations.
- **Customer benefit:** RVI solutions minimise disruptions to businesses by helping our global customers maintain supply chain and operational timelines, even when health and safety restrictions challenge business continuity. The remote video inspections, driven by Intertek's expert and experienced technical personnel located around the world, enable us to safely deliver quality control and Quality Assurance activities.

RiskAware - addressing the cost of quality

- **What it is:** Intertek RiskAware is an innovative and proactive data-driven approach to risk-based inspection that helps global equipment purchasing customers minimise the total cost of their Quality Assurance and quality control activities. By using data analytics to pin-point higher impact risks areas within their inspection programme, our clients can optimise their supply chain strategy.
- **Customer benefit:** Risks such as component failure, delayed production opportunity costs, and project cost escalation due to delays caused by the late arrival of equipment, can all be mitigated through robust and proactive quality control programmes, complemented by the vendor surveillance activities we offer and overall assessment and monitoring of supply chain suppliers.

WindAware - improving wind turbine reliability, performance and safety

- **What it is:** Managing the life of a wind turbine generator is a constant challenge. Operators need a tool that provides organised, readily available integrity data. Intertek developed WindAware, a cloud-based software solution to help owners and operators manage their asset and O&M data, maintain reliability and safety, and minimise costly equipment failures.
- **Customer benefit:** WindAware allows users to efficiently track, trend and report components' inspection, service, repair, replacement, and failure history, from construction to decommissioning. Utilising this information, gathered via a mobile device, helps wind farm owners make fast cost-effective real-time decisions, optimising asset performance and life, and reducing risk.

Case study

Independent carbon intensity certification

CarbonClear™ is our breakthrough global programme that provides companies with independent carbon intensity certification across their entire oil and gas production portfolio.

The CarbonClear™ Certification is designed for the transparency, precision, and assurance of carbon emissions performance. We were delighted to award our first Certification in July 2020 to Lundin Energy, one of Europe's leading independent oil and gas companies, for its Edvard Grieg field in the central North Sea. Along with providing businesses with credibility and assurance, we also see CarbonClear™ as a catalyst for accelerating investment and performance in carbon footprint reduction across the energy sector, helping our clients to Build Back Ever Better, and reducing emissions for current and future generations.

Financial review

We have delivered a resilient financial outcome in 2020 reflecting the strength of our disciplined approach to performance management. Our cash performance, in particular, was strong and we achieved the significant milestone of negative working capital, enabling us to deliver record FCF generation.

Ross McCluskey
Chief Financial Officer

Highlights

£2,742m
Revenue down (8.2%) (6.7%)

£428m
Adjusted operating profit down (18.4%) (17.0%)

15.6%
Adjusted operating margin down (190bps) (190bps)

105.8p
Dividend per share in line with PY

£435.6m
Adjusted Free Cash Flow up 10.2%

£378m
Statutory operating profit down (22.1%) (20.7%)

13.8%
Statutory operating margin down (250bps) (240bps)

152.4p
Statutory diluted EPS down (20.9%) (19.4%)

Negative Working Capital

21.6%
Return on Invested Capital down (190bps)

● Actual rates

● Constant rates

Consolidated income statement commentary

Revenue for the year was £2,741.7m, down 8.2% (down 6.7% at constant rates), with like-for-like revenue down 6.8% at constant rates.

The Group's like-for-like revenue reflected 5.9% decline in the Products division, 9.9% decline in the Trade division and 6.1% in the Resources division at constant rates.

The Group's adjusted operating profit was £427.7m, down 18.4% on the prior year (down 17.0% at constant rates). The adjusted operating margin was 15.6%, a decrease of 190bps from the prior year at constant rates, reflecting the impact of COVID-19 on the business.

The Group's statutory operating profit was £378.2m (2019: £485.8m). The Group's statutory profit for the year after tax was £262.6m (2019: £333.6m).

In March 2016, the Group announced its 5x5 differentiated strategy for growth and our implementation continued in 2020, and after five years we have now completed our final year of our portfolio and organisational reviews. In line with this, a £19.0m restructuring cost has been recognised in Separately Disclosed Items ('SDIs') in the year, which impacted 14 business units in the year, taking the total programme to 103.

Net financing costs

The adjusted net financing costs decreased to £34.9m (2019: £39.4m) in the year. Adjusted net financing costs pre-foreign exchange movements decreased by £7.4m in the year to £29.3m (2019: £36.7m), with continued strong underlying cash generation. Foreign exchange movements resulted in a loss of £5.6m in the year (2019: £2.7m loss). Statutory net financing costs of £34.3m included £0.6m income (2019: £1.3m charge) relating to SDIs.

Tax

The Group effective tax rate on adjusted profit before income tax was 25.5% (2019: 24.5%). The adjusted tax charge was £100.2m (2019: £118.8m).

The statutory tax charge, including the impact of SDIs, of £81.3m (2019: £111.5m), equates to an effective rate of 23.6% (2019: 25.1%). The cash tax on adjusted results was 23.3% (2019: 23.1%).

Financial review *Continued*

Results for the year[1]

Key financials	2020 £m	2019 £m
Adjusted		
Revenue	2,741.7	2,987.0
Operating profit	427.7	524.2
Diluted EPS	170.9p	212.5p
Profit after tax	292.6	366.0
Cash flow from operations	705.1	730.6
Statutory		
Revenue	2,741.7	2,987.0
Operating profit	378.2	485.8
Diluted EPS	152.4	192.6p
Profit after tax	262.6	333.6
Cash flow from operations	685.2	715.3
Dividend per share	105.8p	105.8p
Dividends paid in the year	170.4	163.2

Earnings per share

The Group delivered adjusted diluted earnings per share ('EPS') of 170.9p (2019: 212.5p), down 19.6% year-on-year. Statutory diluted EPS after SDIs was 152.4p (2019: 192.6p), and basic EPS was 153.6p (2019: 194.5p).

Dividend

Reflecting the Group's strong cash generation in 2020 and reduced leverage, 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 £170.8m or 62% of adjusted profit attributable to shareholders of the Group for 2020 (2019: £170.8m and 50%). The dividend is covered 1.6 times by earnings (2019: 2.0 times), based on adjusted diluted earnings per share divided by dividend per share.

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

+4.0% CAGR[3]

Dividend per share[2] (pence)

+15.1% CAGR[3]

1. Presentation of results: To provide readers with a clear and consistent presentation of the underlying operating performance of the Group's business, some figures discussed in this review are presented as adjusted, before Separately Disclosed Items (see note 3 to the financial statements). A reconciliation between adjusted and statutory performance measures is set out overleaf. Following the adoption of IFRS 16 on 1 January 2019, figures before this date are on an IAS 17 basis.
2. Dividend per share for 2020 is based on the interim dividend paid of 34.2p (2019: 34.2p) plus the proposed final dividend of 71.6p (2019: 71.6p).
3. CAGR represents the compound annual growth rate from 2015 to 2020.

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

		Revenue			Adjusted operating profit		
	Notes	2020 £m	Change at 2020 actual rates %	Change at constant rates %	2020 £m	Change at 2020 actual rates %	Change at constant rates %
Products	2	1,681.6	(6.4)	(5.7)	351.6	(13.3)	(12.4)
Trade	2	592.6	(12.8)	(9.9)	47.1	(45.6)	(42.6)
Resources	2	467.5	(8.5)	(6.3)	29.0	(9.9)	(8.2)
Group total		2,741.7	(8.2)	(6.7)	427.7	(18.4)	(17.0)
Net financing costs	14				(34.9)		
Adjusted profit before income tax					392.8	(19.0)	(17.4)
Adjusted income tax expense	6				(100.2)		
Adjusted profit for the year					292.6	(20.1)	(18.5)
Adjusted diluted EPS (pence)	7				170.9p	(19.6)	(18.1)

Financial review *Continued*

5x5 strategy implementation

In March 2016, the Group announced its 5x5 differentiated strategy for growth, with the aim to move the centre of gravity of the Group towards high-growth, high-margin areas in its industry, which included two strategic priorities relevant to the operational structure of the business:

- to operate a portfolio that delivers focused growth amongst the business lines, countries and services, including a strategic review of underperforming business units; and
- to deliver operational excellence in every operation to drive productivity, including re-engineering of unnecessary processes and layers and the refinement of our organisational structure.

During the year, the Group has continued to implement certain non-recurring action plans identified through the portfolio review in specific country and/or business line combinations, consistent with the 5x5 strategy, with a resulting charge of £19.0m in the year. These activities included the termination of certain business lines in some countries; the closure and consolidation of business line locations in certain countries; the reorganisation of various management structures either in-country or across multiple countries in a region; or the fundamental reorganisation of global business lines including direct staff, management and support function structures.

Restructuring charges are included in the SDI section below, in instances where they have been specifically identified as part of the portfolio review, are non-recurring and meet the IAS 37 criteria, in contrast to restructuring costs for ongoing standard cost-efficiency and cost-saving opportunities, which are incurred within adjusted results.

Government grants

In 2020, the Group participated in a range of government support schemes and received £22.5m (H1: £9.3m, H2: £13.2m) (2019: £5.0m (H1: £1.9m, H2: £3.1m)) in government grants, recognised within expenses, with the increase driven by the COVID-19 pandemic.

Pensions

The Group's net pension liabilities decreased to £12.1m (2019: £13.4m) driven by periodic updates to our actuarial assumptions. In 2019, the Group recorded a £5.8m pension curtailment gain on the closure of the Hong Kong defined benefit scheme.

Separately Disclosed Items ('SDIs')

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

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

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 of any restructuring as part of our 5x5 differentiated strategy for growth are excluded from adjusted operating profit where they represent fundamental changes in individual operations around the Group as a result of the portfolio activities discussed above and are not expected to recur in those operations. 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 2020 comprises amortisation of acquisition intangibles of £28.1m (2019: £29.1m); acquisition costs relating to successful, active or aborted acquisitions of £2.4m (2019: £1.6m); restructuring costs (as described above) of £19.0m (2019: £13.3m); gain on disposal of subsidiaries and associates of £nil (2019: £1.8m); release of claims provisions of £nil (2019: £4.6m); and GMP equalisation adjustment of £nil (2019: £0.8m).

Further information on Separately Disclosed Items is given in note 3 to the financial statements.

2020 reconciliation of statutory to adjusted performance measures[1]

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

2019 reconciliation of statutory to adjusted performance measures

£m	Statutory	SDIs	Adjusted
Revenue	2,987.0	-	2,987.0
Operating profit	485.8	38.4	524.2
Operating margin (%)	16.3%	1.2%	17.5%
Net financing costs	(40.7)	1.3	(39.4)
Income tax expense	(111.5)	(7.3)	(118.8)
Profit for the year	333.6	32.4	366.0
Cash flow from operations	715.3	15.3	730.6
Basic EPS (pence)	194.5p	20.1p	214.6p
Diluted EPS (pence)	192.6p	19.9p	212.5p

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 no acquisitions in the year. In 2019 the Group completed one acquisition for cash consideration of £17.0m, net of cash acquired of £1.0m.

Organic investment

The Group also invested £79.8m (2019: £116.8m) organically in laboratory expansions, new technologies (including software) and equipment and other facilities. This investment represented 2.9% of revenue (2019: 3.9%).

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 to 25.

Like-for-like revenue at constant currency is presented to show the Group's revenue excluding the effects of the change in the scope of the consolidation (acquisitions following their 12-month anniversary of ownership, and remove 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	2020 £m	2019 £m	Change %
Reported revenue	**2,741.7**	2,987.0	(8.2)
less: Acquisitions/ disposals revenue	**(5.8)**	(3.7)	
Like-for-like revenue	**2,735.9**	2,983.3	(8.3)
Impact of foreign exchange movements	**-**	(47.1)	
Like-for-like revenue at constant currency	**2,735.9**	2,936.2	(6.8)

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 2020 of 21.6% compares to 23.5% in the prior year at constant exchange rates (2019: 23.7% at actual exchange rates).

Return On Invested Capital at constant currency	2020 £m	2019 £m	Change %
Adjusted operating profit	**427.7**	515.1	(17.0)
less: Adjusted tax[1]	**(109.1)**	(126.2)	13.5
Adjusted profit after tax	**318.6**	388.9	(18.1)
Invested capital[2]	**1,475.4**	1,654.3	(10.8)
ROIC %	**21.6%**	23.5%	(190bps)

1. Calculated by applying the adjusted effective tax rate (2020: 25.5%, 2019: 24.5%) 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	2020 £m	2019 £m	Change %
Cash flow from operations	**685.2**	715.3	(4.2)
add back: Cash flow relating to SDIs	**19.9**	15.3	30.1
Adjusted cash flow from operations	**705.1**	730.6	(3.5)
add back: Special contributions to pension schemes	**2.0**	2.0	-
Repayment of lease liability	**(72.0)**	(69.7)	3.3
Cash flow for cash conversion	**635.1**	662.9	(4.2)
Cash conversion %	**148.5%**	126.5%	2,200bps

Free cash flow reconciliation	2020 £m	2019 £m
Cash generated from operations	**685.2**	715.3
less: Net capital expenditure	**(72.2)**	(114.3)
add back: Interest received	**1.1**	1.2
less: Interest paid	**(34.8)**	(40.7)
less: Income tax paid	**(91.6)**	(111.8)
less: Lease liabilities paid	**(72.0)**	(69.7)
Free cash flow	**415.7**	380.0
add back: SDI cash outflow	**19.9**	15.3
Adjusted free cash flow	**435.6**	395.3

Net debt

Net financial debt has decreased from £629.4m at 31 December 2019 to £419.9m at 31 December 2020, primarily reflecting the continued strong underlying cash generation of the Group in 2020. Including the IFRS 16 lease liability, total net debt was £644.1m at 31 December 2020 (2019: £875.4m).

In January 2020, the Group renewed its existing revolving credit facility, increasing to US$850m and maturing in 2025. In January 2021, the facility was extended to 2026. In December 2020, the Group repaid US$150m of senior notes and also issued US$200m of senior notes. These new notes were issued in two tranches with US$120m repayable on 2 December 2023 and US$80m repayable on 2 December 2025. At 31 December 2020, total undrawn committed borrowing facilities were £494.0m (2019: £326.2m).

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

Working capital

During 2020, we have continued our working capital focus and through disciplined performance management working capital has reduced by £104.7m to negative £4.0m. Working capital has declined to (0.1%) of revenue, reflecting 350bps improvement year-on-year, contributing to continued strong cash conversion.

Adjusted free cash flow (£m)

11.0% CAGR[1]

1. CAGR represents the compound annual growth rate from 2015 to 2020.

Five-year trend - Working capital as % of revenue

(890) bps[1]

1. Reduction in working capital as a percentage of revenue from 2015 to 2020.
2. Working capital is defined under the statement of financial position within the financial statements.
3. Following the adoption of IFRS 16 on 1 January 2019, figures before this date are on an IAS 17 basis.

Under existing facilities, the Group has available debt headroom of £494.0m at 31 December 2020. The components of net debt at 31 December 2020 are outlined below:

	1 January 2020 £m	Cash and non-cash movements £m	Exchange adjustments £m	31 December 2020 £m
Cash[1]	213.0	(21.7)	(7.9)	**183.4**
Borrowings[2]	(842.4)	229.4	9.7	**(603.3)**
Financial net debt	(629.4)	207.7	1.8	**(419.9)**
Lease liabilities[2]	(246.0)	21.1	0.7	**(224.2)**
Net debt	(875.4)	228.8	2.5	**(644.1)**

1. As disclosed in note 14, cash includes cash and cash equivalents less overdrafts.
2. Borrowings include £2.2m of non-cash movements related to amortisation of facility fees (see note 14 of the financial statements). Lease liabilities include £50.9m 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 2020, analysed by currency, is as follows:

Foreign currency movements

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

At constant rates, revenue declined 6.7% (actual rates 8.2%) and adjusted operating profit declined 17.0% (actual rates 18.4%).

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	**2020**	**2019**	**2020**	**2019**
US dollar	**1.35**	1.31	**1.28**	1.28
Euro	**1.10**	1.17	**1.13**	1.14
Chinese renminbi	**8.81**	9.17	**8.88**	8.82
Hong Kong dollar	**10.47**	10.18	**9.96**	10.00
Australian dollar	**1.78**	1.87	**1.87**	1.84

Significant accounting policies

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

Ross McCluskey
Chief Financial Officer

Principal risks and uncertainties

Managing assurance

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.

> Read more on page 58

Risk framework

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

This risk governance framework is described in more detail in the Directors' report on pages 80 to 81.

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

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

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

Principal risks

The Group is affected by a number of risk factors, some of which, including macroeconomic and industry-specific cyclical risks, are 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. For the past two years, we have included Brexit as a standalone principal risk based on the significant uncertainty around the future of the relationship between the UK and EU. Based on our assessment of the risks and impacts on our operations since the end of the Brexit transition period, we have removed Brexit as a principal risk this year. However, we continue to monitor the impact of the new trading, customs and border arrangements, including on our clients' and their supply chains - and have reflected this accordingly within our Industry & Competitive Landscape risk.

This year, based on our current assessment of its materiality, we have also included the risk of climate change within our Industry & Competitive Landscape risk. We continue to monitor the potential operational, strategic, regulatory and reputational impact of climate change and the environment.

Principal risks and uncertainties *Continued*

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 2025, 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.

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 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 2025.

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 2025. The statement on going concern is in the Directors' report on page 100.

Scenario	Associated principal risks	Description
Regulatory environment change	• Industry and competitive landscape • Customer service • Regulatory and political landscape • People retention • Reputation • COVID-19	Failure to identify, understand and respond to regulatory or political changes results in loss of revenue, profitability, market share and/or adversely changes the competitive landscape.
Customer service issue	• Industry and competitive landscape • Customer service • Business ethics • People retention • Reputation • Third-party relations • 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	• Customer service • Business ethics • People retention • Financial risk • Health, safety and wellbeing • Reputation • Third-party relations • 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 • Third-party relations • COVID-19	A serious data security/IT systems breach results in a significant financial penalty and a loss of reputation among customers.

Principal risks and uncertainties *Continued*

Operational

Principal risk	Possible impact	Mitigation	2020 update
01 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.	• 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.	• 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.	This risk remains stable compared with 2019. The Group continues to invest in staff development, quality systems and standard processes to prevent operational failures.
02 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.	• 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.	• 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.	This risk remains stable compared with 2019.
03 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.	• 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.	• HR strategy policies and systems. • Development and reward programme to retain and motivate employees. • Succession planning to ensure effective continuation of leadership and expertise.	This risk remains stable compared with 2019.

Principal risks and uncertainties *Continued*

Principal risk	Possible impact	Mitigation	2020 update
04 Health, safety and wellbeing			
Any health and safety incident arising from our activities. This could result in injury to Intertek's employees, sub-contractors, customers and/or any other stakeholders affected. Wellbeing impacts on our people resulting from the COVID-19 pandemic and other similar events.	• 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.	• Quality management and associated controls, including safety training, appropriate PPE (Personal Protective Equipment), Health & Safety policies (including due diligence on sub-contractors), meetings and communication. • Avoiding fatalities, accidents and hazardous situations is paramount. It is expected that Intertek employees will operate to the highest standards of health and safety at all times and there are controls in place to reduce incidents. • Business continuity planning. • Employee wellbeing programme.	The health and safety element of this risk remains stable compared with 2019. The risk related to wellbeing has increased as a result of COVID-19, which has affected both our people and their ways of working.
05 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. Macroeconomic factors such as a global/market downturn and contraction/changing requirements in certain sectors.	• 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. • Failure to respond to macroeconomic factors. • Sanctions and fines for non-compliance with new laws, etc.	• 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.	This risk remains stable compared with 2019. The Group continues to invest in innovation and to adapt our service delivery to meet our clients changing needs.

Principal risks and uncertainties *Continued*

Principal risk	Possible impact	Mitigation	2020 update
06 Third-party relations			
A failure to optimally manage the way in which we work with third parties (including landlords, suppliers, sub-contractors or agents) from a financial, commercial, risk, governance, security or sustainability perspective. Poorly established and maintained relationships could increase the chances of poor quality work, ethical issues and a lack of control over the services Intertek is providing via third parties.	• Poor quality work. • Ethical issues. • Lack of control over services being provided via third parties. • Failing to agree optional terms, including pricing with suppliers. • Contracting with suppliers whose sustainability, ethical, cyber or other standards cause a risk to Intertek, its reputation or its operations.	• Third-party appointment and due diligence processes. • Standard third-party contracts. • Third-party lease reviews. • Vendor/supplier financial diligence. • Supplier Code of Conduct. • Annual reviews of quality and pricing. • Training on Code of Ethics for key third parties. • Supply chain risk review as part of compliance with Modern Slavery Act.	This risk remains stable compared with 2019.
07 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.	• 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.	• 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.	This risk remains stable compared with 2019.

Principal risks and uncertainties *Continued*

Principal risk	Possible impact	Mitigation	2020 update
08 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.	• 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 2021 performance will be affected by the disruption to the supply chains of our clients and any impact it may have on global trade activities.	• 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 put in place temporary travel restrictions into and out of China and Hong Kong. • We have working groups at the Group, regional and local levels to monitor the situation and put appropriate mitigation action and continuity plans in place. • We have implemented a remote inspection approach to ensure compliance with the COVID-19 Health and Safety Policy across all of our sites.	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) may reduce this risk during 2021, there remains significant uncertainty on the timing and availability of vaccine rollouts globally and the potential for ongoing government lockdown and other 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.

Principal risks and uncertainties *Continued*

Legal and Regulatory

Principal risk	Possible impact	Mitigation	2020 update
09 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.	• 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.	• Monitoring of regulatory environment and political developments. • Analysis of impact of regulatory and political changes on operational SOPs and Group policies. • Membership of relevant associations, e.g. TIC Council with related advocacy and liaison activities including in relation to developing climate-related or environmental regulations.	This risk remains stable compared with 2019.
10 Business ethics			
Non-compliance with Intertek's Code of Ethics ('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.	• Litigation, including significant fines and debarment from certain territories/activities. • Reputational damage. • Loss of accreditation. • Erosion of customer confidence. • Impact on share price.	• 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.	This risk remains stable compared with 2019. Ongoing annual confirmations ensure that staff verify compliance with the Code of Ethics. Local compliance officers perform due diligence on sub-contractors to check that they have signed the Group's Code. During 2020, 99 (2019: 168) non-compliance issues were reported through the whistleblowing hotline and other routes. All were investigated, with 27 (2019: 40) substantiated and corrective action taken.

Principal risks and uncertainties *Continued*

Financial

Principal risk	Possible impact	Mitigation	2020 update
(11) 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.	• 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.	• 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 Core Mandatory Controls 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.	This risk remains stable compared with 2019. Review and update of Core Mandatory Controls for year end compliance certification.

Our stakeholders

Section 172 statement

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 whole, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

a) the likely consequences of any decision in the long term;

b) the interests of the Company's employees;

c) the need to foster the Company's business relationships with suppliers, customers and others;

d) the impact of the Company's operations on the community and the environment;

e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly between members of the Company.

Long-term success

We, as a Board, clearly understand our responsibility to deliver long-term sustainable success and returns for our shareholders, underpinned by the highest standard of corporate governance, conduct and integrity. We collectively review, discuss and annually agree the Group's strategic review which covers a period of five years and is then linked to the viability statement as outlined on page 57.

Intertek has been delivering pioneering safety solutions to companies for over 130 years and in that time has had to navigate multiple challenges on a local and global basis. As a business, we have learned a lot over the past 12 months and by acting with speed, flexibility and innovation to support our clients, we have lived up to our philosophy of becoming 'Ever Better' in everything we do and delivering services that are mission-critical to support the wider society as a whole. Our business can only grow and prosper over the long term if we understand and respect the views and needs of our customers, our people and the communities in which we operate, as well as our suppliers and the shareholders to whom we are accountable.

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

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

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

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

For more information about:

- the attractive nature of our industry, Intertek's high-quality earnings model and the effectiveness of our 5x5 differentiated strategy for growth, see pages 8 to 15 in our Strategic report;
- the exciting structural growth drivers in the global Quality Assurance market post-COVID-19, which now includes a wide array of new opportunities in many areas which have become even more compelling during 2020 as health, safety, wellbeing and sustainability grow in importance for companies and individuals alike, see page 11 in our Strategic report; and
- why we consider Intertek to be sustainable, see pages 26 to 41, and our Company to be viable and a going concern, see page 57 of the Strategic report and page 100 of the Audit Committee report.

Section 172 statement *Continued*

Principal decisions

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

For Board consideration	Stakeholders affected	How stakeholders affected were considered	The principal decision and outcome(s)
Whether the 2020 final and interim dividend should be paid in line with our dividend policy.	• Shareholders • Employees • Communities • Governments	The Board carefully reviewed the performance of the Group in Q1 and then at the half year, together with the 2020 outlook for the profit and loss account and the balance sheet. They also considered the impact of this decision on our shareholders, many of whom are pension funds which then has a bearing on individuals in the wider community together with the tax paid on such dividends. Many of our employees are themselves also shareholders and these payments reflected the strong nature of the company they work for.	The Board recommended a full year dividend of 105.8p per share, an increase of 6.8%, with payment of a final dividend of 71.6p to shareholders in June 2020 and an interim dividend of 34.2p in October 2020. This recommendation reflected the Group's earnings progression, strong financial position and balance sheet and the Board's confidence in the Group's structural growth drivers into the future. The Board concluded that it was in the long-term interest of the Company to proceed with the payment of the dividends.
Implementation of a global COVID-19 Health and Safety ('HSE') policy which prioritises the health and safety of our employees.	• Employees • Customers • Suppliers • Communities • Governments	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 employees were exercising safe practices throughout the pandemic. This also had a subsequent impact on customers, suppliers and society as a whole, with employees demonstrating such safe practices and protocols in their interactions with these stakeholders and ensuring the continuing provision of necessary and vital services by Intertek.	A COVID-19 HSE policy across the Group globally was introduced in May 2020, which has subsequently been updated. The policy was developed on the basis of fact-based and balanced decisions and the measures were put in place with a view to minimising the risks that our people, customers and suppliers face during this pandemic. Extensive communications were rolled out to all Intertek locations to make everyone aware of the measures they needed to put in place. Intertek will always follow any mandatory requirements that government or local authorities put in place, but beyond that we were able to, and continue to, maintain business as usual and our operations continued to run smoothly while maintaining safe working practices.
Introducing innovative products which addressed Health, Safety and Wellbeing in the workplace, in public places, on public transport, at home and in our environment generally.	• Communities • Customers • Environment • Suppliers • Government & Regulators	Following research undertaken, we considered how communities could be appropriately safeguarded in a manner which is irrelevant of industry or geography, whilst also enabling our customers to continue to deliver their services without disrupting the global supply chains.	In April 2020, POSI-CHECK was launched. This solution helps hoteliers, restaurants and more to demonstrate that they are effectively managing the prevention of the spread of infection, to open safely and continue to be safe long into the future. Protek™, the world's first industry-agnostic, end-to-end Health, Safety and Wellbeing Audit, Inspection, Testing and Certification Assurance programme for people, workplaces and public spaces, was launched in May 2020. It is a comprehensive service offering, providing audits, training and service solutions across People, Systems & Processes, Facilities, Materials & Surfaces and Products.

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

> Read more on page 18

Our strategic enablers

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

> Read more on page 18

Principal risks

- 01 Reputation
- 02 Customer service
- 03 People retention
- 04 Health, safety and wellbeing
- 05 Industry and competitive landscape
- 06 Third-party relations
- 07 IT systems and data security
- 08 Coronavirus (COVID-19)
- 09 Regulatory and political landscape
- 10 Business ethics
- 11 Financial risk

> Read more on pages 56 to 63

Section 172 statement *Continued*

Link to strategy & risk	Their material issues/concerns	Why and how the Board engages	Outcome of engagement	Further reading
Customers				
Principal risks 01 02 03 04 05 06 07 08 09 10 11	• Global supply chain disruption. • Mission-critical ATIC services. • Uninterrupted customer service. • Safety in workplaces.	We offer our customers a unique risk-based approach to Quality Assurance, supporting them to thrive in an increasingly complex world. It is their changing needs that drive our approach to innovation and we are constantly learning from their feedback so that we can deliver 'Ever Better' solutions to their developing requirements. Customer-centric entrepreneurial culture putting the customer first. Regular reports to the Board. Data Intelligence Benchmarking by site, service, and customer. Net Promoter Score listening to c.6,000 customers per month.	• Rapidly brought innovations to market. • Adapted delivery of services to ensure first-in-queue for urgent health products. • Development of remote service capabilities.	Read more on pages 16 to 23 Our engagement with customers
People				
Principal risks 01 03 04 07 08 10	• Safe laboratory and office working environments. • Employee engagement and wellbeing and mental health support during the pandemic. • Job security. • Ethical practices.	We recognise our employees' contribution to the success of our customers' products, services and operations. They drive our growth, delivering global solutions locally to build strong local relationships, in local languages and fuelled by their deep understanding of local culture and customer priorities. We have an experienced, entrepreneurial, diverse workforce with outstanding talent for innovation, which enables us to deliver our services with precision, pace and passion. Employee health and safety has been our number one priority throughout the pandemic. The Board reviewed the findings from an Intertek Employee Health and Safety Survey. Weekly updates to the Board on the COVID-19 situation 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 uncertainty the pandemic has brought to employees and the wider community.	• Specific COVID-19 HSE policy adopted globally. • Best practices to engage with remote-working employees. • World-class digital communication platform, WhatsIn, to ensure collaboration and connection across the Group. • Daily Intertek Hero videos recognising our colleagues and their contributions. • Decisions taken to pay dividends. • No restructurings due to COVID-19 undertaken to ensure our subject matter experts are retained for the long term within the business to deliver future growth.	Read more on pages 85 to 88 Our engagement with employees

Section 172 statement *Continued*

Link to strategy & risk	Their material issues/concerns	Why and how the Board engages	Outcome of engagement	Further reading
Suppliers				
Principal risks 01 04 06 07 08 10	• The viability of Intertek as a customer. • The quality of products and their own supply chains. • How to deliver services remotely in line with local restrictions due to the pandemic.	As a global company, we have a strong agenda on sourcing responsibly and are passionate about ensuring our supply chain operates likewise and improves the lives of workers, their communities and the environment, and in making a positive contribution to human rights. We work with suppliers all over the world and we are committed to treating them fairly and maintaining the highest standards of respect and integrity in how we conduct ourselves every day, everywhere and in every situation. Operating by 'Doing the Business the Right Way'. Managing supplier relationships and assessing their labour practices, anti-bribery, corruption and sustainability. Regular reports on Risk, Control, Compliance and Quality to the Board. Reviewing the culture operating across the business.	• The ongoing focus on 'Doing Business the Right Way' and annual Code of Ethics training across the Group. • Introduction of the Intertek Sustainable Procurement Policy demonstrating our commitment to an ethical, sustainable approach to the supply chain.	Read more on pages 13 and 27 Our engagement with suppliers
Investors				
Principal risks 01 02 03 04 05 06 07 08 09 10 11	• Long-term strategy and business model. • Financial performance. • Governance. • Sustainability. • Risk management.	We are responsible to the Company's shareholders for the proper conduct and success of the business and our shareholders play an important role in monitoring and safeguarding the governance of the Group. We do everything for the benefit of our shareholders, whether they are large institutions or private shareholders, financially through the returns we generate for them and reputationally through the way we operate. The Chairman holds a meeting with shareholders to discuss corporate governance annually. A shareholder consultation was undertaken following the vote on the Remuneration Policy at the 2020 AGM. Feedback from all such meetings with shareholders is given to the Board. Regular investor relations updates to the Board. All members of the Board attend the AGM.	• The feedback from the meetings the Chairman had with shareholders was positive and the shareholders continue to be supportive of Intertek's strategy, the management and the Board. • The outcome from the shareholder engagement on remuneration is outlined in the letter from the Chair of the Remuneration Committee on pages 105 to 107. • Decisions to pay dividends. • Focus on carbon emission reduction plans.	Read more on page 89 Investor engagement Read more on pages 50 to 55 Financial performance and the returns delivered to our shareholders in 2020 Read more on pages 35 to 38 Environment in our Sustainability section

Section 172 statement *Continued*

Link to strategy & risk	Their material issues/concerns	Why and how the Board engages	Outcome of engagement	Further reading
Communities				
Principal risks 01 03 04 06 07 08 10	• Safety in the workplace, in public places, on public transport and at home due to COVID-19. • Local employment. • The environment and our impact.	We are committed to supporting the communities in which we operate and wider society as a whole. Our sustainability, growth and innovations, as well as the services we provide to our customers, generate direct and indirect benefits for communities in which we operate. We considered the research undertaken during 2020 that highlighted the concerns of communities on returning to workplaces, using public places and transport. The Board then supported the rapid development of tools to provide assurance to the wider community.	• We launched POSI-CHECK which helps hoteliers, restaurants, etc., demonstrate that they are effectively managing the prevention of the spread of infection and Protek™, an end-to-end Health, Safety and Wellbeing Audit, Inspection, Testing and Certification Assurance programme. • Our eBook, Travel Truth and Lies Unmasked, which was published during the year and made available in different languages, is a free guide to help people think about how they can mitigate health risks while travelling. It was made freely available on our website for everyone to download.	Read more on pages 32 and 35 to 38 Impact on communities and the environment in our Sustainability section
Governments and Regulators				
Principal risks 04 05 06 07 08 09 10 11	• Compliance with local laws and regulations. • Impact on wider society and on the environment. • Safety in the workplace, in public places, on public transport and at home due to COVID-19. • Quality of products being used by key workers.	'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 and the risks it faces and mitigation action plans. 'Doing Business the Right Way'. Annual review of Modern Slavery and publication of our statement.	• The annual revision and update to the Core Mandatory Controls to ensure that the business operates under essential controls in line with local requirements and the expectations of doing business. • The annual Code of Ethics training which is updated each year. • The introduction of new services and cooperation with governments to deliver key services.	Read more on pages 13 and 35 to 38 Environment in our Sustainability section

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 and maintaining the trust and confidence of our customers, their customers and others impacted by our work, are important factors which contribute to our success. Integral to this is 'Doing Business the Right Way' and our internal risk, control, compliance and quality programme. This means living our values, having the highest standards of ethics and integrity in how we conduct ourselves every day, everywhere and in every situation.

The programme includes:

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

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

For more information about:

- how we carry on business responsibly, see pages 2 to 13 of the Strategic report;
- our safety priorities, policies and performance, see page 27 in the Sustainability section; and
- our system of internal control including our management of risk, see pages 80 and 107 of the Corporate Governance report.

The Strategic report was approved by the Board on 1 March 2021.

On behalf of the Board

André Lacroix
Chief Executive Officer

Corporate Governance

Chairman's introduction to corporate governance

pages 72 to 73

This report has been prepared in order to provide stakeholders with a comprehensive understanding of our governance framework."

Andrew Martin
Chairman

Chairman's introduction

As COVID-19 spread across the world, our number one priority was the health, safety and wellbeing of our people and our stakeholders more widely."

Andrew Martin
Chairman

There is no question that 2020 and the first few months of 2021 have been very challenging. As I think about the events of the past 12 months, I am pleased with Intertek's response. The Company moved fast, establishing five critical priorities that have guided our approach to the pandemic.

As COVID-19 spread across the world, our number one priority was the health, safety and wellbeing of our people and our stakeholders more widely. Our people have reacted with dedication and hard work to the exceptional circumstances and uncertainty and we are very proud of their support for their communities and their work with our customers.

Evidence of the passion, innovation and customer-centric culture fostered by André and his leadership team is Protek™. Working together with colleagues around the globe, Intertek quickly developed Protek™, launching the total health, safety and wellbeing assurance service for people, workplaces and public spaces on 1 May 2020.

As well as evidence of the inherent attractiveness of our industry, our high quality earnings model and 5x5 strategy, I firmly believe the Group's performance is a demonstration of the commitment of our employees to our Purpose, to implementing our Vision, to living our Values, and ultimately to delivering our Goals. As we continue to navigate the challenges of COVID-19, our people are responding and adapting effectively to this new world. On behalf of the Board, I would like to express our sincere thanks to them.

Dear shareholder
The Board has developed a promise that defines our work and purpose at Intertek.

Financial performance

Against this backdrop, I am pleased by the resilience of the business with revenues of £2.7bn, down 6.7% at constant currency. Reflecting our decision to provide uninterrupted customer service throughout the pandemic, margins declined but remained a robust 15.6%. Our cash performance was strong. After investing £80m in capital expenditure, we generated free cash flow of £436m, from which we returned £170m to shareholders through cash dividends. Net financial debt at the end of the year was £420m, compared to £629m at December 2019. Our high-quality earnings model delivered a return on invested capital, a key performance indicator, of 21.6%.

Dividend

Our dividend policy aims to deliver sustainable dividend growth over time, based on a target dividend payout ratio of circa 50%. Reflecting the Group's strong cash generation in 2020 and reduced leverage, the recommended final dividend is 71.6p bringing the full-year dividend to 105.8p, which is in-line with 2019, and the dividend payout ratio to 62%.

Sustainability

Sustainability remains at the core of everything we do at Intertek. Our people are as passionate about supporting our clients to make a difference as they are about our own sustainability journey.

This year, Intertek has continued to innovate sustainability solutions for our clients and we are particularly pleased that Intertek issued the world's first CarbonClear™ certificate, an independent verification of upstream carbon intensity, to Lundin Energy in July 2020. By validating the carbon footprint of each barrel of oil equivalent, Intertek can help to drive consumer transparency and support the decarbonisation of oil and gas globally.

In our own operations, we have reduced our carbon footprint by improving our energy efficiency and use of renewable energy, and we are delighted that this progress, together with carbon offsets, makes 2020 Intertek's first carbon neutral year. In addition, the Company has taken the ambitious step of signing up to the Science Based Targets initiative in order to develop independently verified, science-based emissions targets with the aim of achieving Net Zero emissions by 2050. You can find further details of our sustainability innovations, initiatives and reporting on pages 26 to 41.

Chairman's introduction *Continued*

Our Board promise

Turning to corporate governance matters, you will have seen that last year we set out the Board's promise that establishes a framework for my Board colleagues and I, as we provide leadership, support, challenge and an objective, independent and constructive view on strategy, the business and resource allocation. The Board's promise can be found on page 74.

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'). Page 71 sets out how this Governance section has been structured around the Code Principles.

The Board confirms that during 2020, the Company has consistently applied the principles of good corporate governance contained in the Code and has complied with the provisions apart from the following:

- Provision 19 stipulates that the chair should not remain in post beyond nine years from the date of their first appointment to the Board. Sir David Reid's nine-year term as Chairman expired on 30 November 2020. To facilitate and ensure a smooth transition in the succession of the Chairman role, and given that the appointment of Andrew Martin would not come into effect until 1 January 2021, the Nomination Committee and the Board approved a one-month extension to his term. As a result, Sir David's tenure exceeded the recommended nine years under the Code by one month.
- 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, the pension contribution of the current CEO, who was appointed in 2015 and prior to the establishment of provision 38 in the Code, is not presently aligned to the workforce. More information on the steps being taken to address this are outlined in the Remuneration Committee report on page 105.

A more detailed explanation of our compliance can also be found on our website at intertek.com.

Diversity & inclusion

Our Board promise, our strong governance, values and high ethical standards help define behaviours and the way we work together. They ensure we value and respect each other, and embrace diversity and equality. We are focused on inclusion, ensuring that the business has the right capabilities from different backgrounds to ensure we understand local issues and norms that help add value to our business. I am delighted that we continue to make good progress - the number of women TQA Experts has increased for the fourth consecutive year, while we are strong believers in having our local businesses run by local people.

The Board continues to be mindful of the Hampton-Alexander and Parker reviews. We are strong advocates of the various initiatives across the business that drive diversity and inclusion at all levels. These are in the best interests of our people and our business supporting the long-term sustainable success of Intertek.

Employee engagement

You may remember that the whole Board agreed to have responsibility for employee engagement. Given the impact of COVID-19, Board members have been unable to physically visit many of our operations in the 100 plus countries around the globe in which Intertek operates. However, Board meetings have continued to take place, uninterrupted throughout the period, with agendas as planned, and extra Board meetings were held at the height of the crisis. Virtual communication has been extensive, right across the business and staying connected across a large international business has been key to maintaining high levels of motivation and commitment. COVID-19 protocols permitting, as part of the Board's annual programme, our intention is to visit our operations as soon as it is safe to do so.

Board evaluation

An internal evaluation of the Board, its Committees and each individual Director was carried out in 2020. 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. More information can be found on pages 92 and 93.

Succession planning

There has been considerable change in the Board. After a comprehensive process described in more detail in the Nomination Committee's report on pages 94 to 97, my predecessor Sir David Reid retired at the end of December 2020, after nine years as Chairman. David provided great leadership of the Board and consistently provided wise counsel to his colleagues. We will miss him as Chairman and wish him all the very best for the future.

In October 2020, we announced that Ross McCluskey is to step down as Group Chief Financial Officer and from the Board on 1 April 2021, to take up a new operational role in the business. His replacement is Jonathan Timmis from Reckitt Benckiser. Jonathan is expected to join Intertek and take up his role on 1 April 2021.

We continue to bring in new skills and experience to the Board. We have been joined by two new Non-Executive Directors: Tamara Ingram, who joined the Board in December 2020 and brings a deep understanding of brands and digital strategy; and Lynda Clarizio, who joined the Board in March 2021 and brings extensive experience in technology and data.

Lena Wilson stepped down on 31 January 2021 as a Non-Executive Director and a member of the Audit and Nomination Committees. Louise Makin will be stepping down on 30 June 2021 as a Non-Executive Director and member of the Audit and Nomination Committees. I am pleased that Jean-Michel Valette is replacing me as Chair of the Audit Committee.

I would like to welcome Tamara and Lynda as our new Non-Executive Directors and thank both Lena and Louise for their excellent, diligent and valued contributions over their tenure.

Directors' Remuneration Policy

We are presenting a new Directors' Remuneration Policy for approval by shareholders at the 2021 Annual General Meeting following the views expressed by shareholders on the vote on the Directors' Remuneration Policy at the 2020 Annual General Meeting. We responded accordingly and there has been significant engagement with our shareholders and other stakeholders on remuneration matters and all feedback has been reviewed and taken into consideration. Details of the new policy are set out in the Directors' Remuneration report on pages 107 to 114.

It is important that we maintain the support and confidence in the business of our shareholders and all of our stakeholders. Through transparent and regular dialogue, we seek to enable a clear understanding of our business and to hear their views.

As we transition to a 'new normal' post the pandemic, Intertek's performance discipline and execution remain strong and we are confident that the business is well-positioned to capitalise on the opportunities that are already emerging. The structural trends in our industry are attractive and the Board and Executive Leadership Team will ensure that Intertek is focused on high quality, sustainable long-term value creation for the benefit of all stakeholders.

Once again, on behalf of the Board, I would like to thank all of our people right across the business, for their continued hard work and commitment.

Board of Directors

Committees:

Audit	A
Nomination	N
Remuneration	R
Committee Chair	○

Board promise

We recognise our responsibility to all stakeholders and will strive to ask the questions that matter and make the right decisions.

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.

We will inspire our people to take client relationships and our performance to greater heights and to create sustainable growth for all.

1 Andrew Martin
Chairman
N

Appointed to the Board in May 2016; appointed Chairman in January 2021

Nationality: UK

Ethnicity: White

Tenure: 4.5 years

Independent: Yes

Current principal external appointments:
Non-Executive Chairman of Hays plc and a Non-Executive Director of the John Lewis Partnership Board.

Key strengths:
Wide-ranging and extensive financial background.

Extensive experience of the travel, hospitality and support services sectors.

Experience:
Andrew was the Group Chief Operating Officer for Europe and Japan for Compass Group PLC until 2015, and prior to that, he served as their Group Finance Director for eight years. Before he joined the Compass Group, he was the Group Finance Director at First Choice Holidays plc (now TUI Group). Andrew also previously held senior financial positions with Forte plc and Granada Group plc and was a partner at Arthur Andersen.

He was previously a Non-Executive Director of easyJet plc and Chair of their Finance Committee until August 2020.

2 André Lacroix
Chief Executive Officer

Appointed to the Board in May 2015

Nationality: Fr

Ethnicity: White

Tenure: 5.5 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's operations and formerly the Senior Independent Director of Reckitt Benckiser Group plc from October 2008 to December 2018.

3 Ross McCluskey
Chief Financial Officer

Appointed to the Board in August 2018

Nationality: UK

Ethnicity: White

Tenure: 2.5 years

Independent: N/A

Current principal external appointments: None.

Key strengths:
Varied and broad international finance and auditing experience.

Strong track record as a finance executive.

Extensive accounting experience across a range of businesses.

Experience:
Ross was the Group's Financial Controller from August 2016 and has been a driving force in the performance management of the business. From 2002 to 2011, he worked within the investment banking sector specialising in mergers and acquisitions, and holding roles at J.P. Morgan, Gleacher Shacklock LLP and Greenhill & Co. Immediately prior to joining Intertek, Ross spent five years at Inchcape plc, where he held senior operational finance positions, including Finance Director of Inchcape's Australasian and UK businesses.

Board of Directors *Continued*

4 Graham Allan
Senior Independent Non-Executive Director Ⓝ Ⓡ

Appointed to the Board in October 2017

Nationality: AUS UK

Ethnicity: White

Tenure: 3 years

Independent: Yes

Current principal external appointments:
Non-Executive Director of InterContinental Hotels Group plc, Associated British Foods plc and Kuwait Food Company Americana KSCC (privately owned). Chairman of Bata International (privately owned).

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 2013, 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

Nationality: UK

Ethnicity: Asian

Tenure: 3.5 years

Independent: Yes

Current principal external appointments:
Managing Partner of Global Future Partnership LLP.

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 has a doctorate in Psychology from Oxford University.

6 Lynda Clarizio
Non-Executive Director

Appointed to the Board in March 2021

Nationality: USA

Ethnicity: White

Tenure: Just appointed

Independent: Yes

Current principal external appointments:
Non-Executive Director of CDW Corporation and Emerald Holding, Inc (both US listed companies), and OpenSlate and Resonate Networks, Inc. (privately owned).

Key strengths:
Strong track record of leadership in complex organisations.

Significant experience in digital measurement and broader technology.

Extensive board-level experience.

Experience:
Lynda was President of U.S. Media at Nielsen Holdings plc, a global measurement and data analytics company, where she worked from 2013 to 2018. Her prior experience includes CEO, President and other leadership positions at AppNexus, Inc., INVISION, Inc., AOL Inc. and Advertising.com. She previously was a partner in the law firm Arnold & Porter, where she practised law from 1987 to 1999.

She is a Director of Human Rights Trust, a non-profit international human rights organisation.

7 Tamara Ingram OBE
Non-Executive Director

Appointed to the Board in December 2020

Nationality: UK

Ethnicity: White

Tenure: 2 months

Independent: Yes

Current principal external appointments:
Non-Executive Director of Marsh & McLennan Companies, Inc. and Marks and Spencer Group plc.

Key strengths:
A long-standing leadership career in advertising, marketing and digital communication.

A deep understanding of consumer brands and digital strategy.

Experience:
Tamara has held leadership roles within WPP since 2005, 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.

Board of Directors *Continued*

8 Dame Louise Makin
Non-Executive Director (A)(N)

Appointed to the Board in July 2012

Nationality: UK

Ethnicity: White

Tenure: 8.5 years

Independent: Yes

Current principal external appointments:
Non-Executive Director and Chair Designate of Halma plc. Non-Executive Director of Theramex Group Ltd and Atotech Ltd.

Key strengths:
Extensive background in international chemicals and healthcare industries.

Strong leadership and board experience.

Experience:
Louise has held numerous senior roles including Chief Executive Officer of BTG plc from 2004 to 2019 and Vice President, Strategy & Business Development Europe and President of the Biopharmaceuticals division at Baxter Healthcare.

Prior to her time at Baxter, she was Director of Global Ceramics at English China Clay, and in her earlier career, held a variety of roles at ICI between 1985 and 1998.

Previously, Louise was a Non-Executive Director of Woodford Patient Capital Trust plc and Premier Foods plc. She is currently Chair of The 1851 Trust and a Trustee of The Outward Bound Trust.

9 Gill Rider CB
Non-Executive Director (A) R

Appointed to the Board in July 2015

Nationality: UK

Ethnicity: White

Tenure: 5.5 years

Independent: Yes

Current principal external appointments:
Chair of Pennon Group plc and Pro-Chancellor of the University of Southampton.

Key strengths:
Successful global experience on the people agenda.

Extensive experience as a Non-Executive Director.

Strong experience on remuneration and sustainability issues.

Experience:
Formerly, Gill was head of the Civil Service Capability Group in the Cabinet Office, reporting to the Cabinet Secretary. Prior to that, she held a number of senior positions with Accenture, culminating in the post of Chief Leadership Officer for the global firm. Previously Gill was a Non-Executive Director of De La Rue plc and, until January 2020, Senior Independent Director of Charles Taylor Plc, where she also chaired their Remuneration Committee.

She is currently President of the Marine Biology Association and was also previously President of the Chartered Institute of Personnel & Development.

10 Jean-Michel Valette
Non-Executive Director (A)

Appointed to the Board in July 2017

Nationality: USA

Ethnicity: White

Tenure: 3.5 years

Independent: Yes

Current principal external appointments:
Chairman of Sleep Number Corporation and Lead Director of The Boston Beer Company, both of which are US listed companies.

Key strengths:
Extensive knowledge of the US market.

Strong leadership and board-level experience.

Experience:
Jean-Michel has more than 30 years' experience in management, US public company corporate governance, strategic planning and finance.

Previously, he was Chairman of Peet's Coffee and Tea, Inc., a US beverage company which was listed at the time. He was also appointed as Managing Director at the Robert Mondavi Winery before becoming Chair. In his earlier career, Jean-Michel was President and Chief Executive Officer of Franciscan Estates, Inc., a premium wine company.

He currently serves as an independent adviser in the US to select branded consumer companies.

He has an MBA from Harvard Business School.

Former Directors who served during the year

Sir David Reid retired as Chairman of the Board on 31 December 2020.

Lena Wilson stepped down from the Board on 31 January 2021.

Direct reports to the CEO

Global functions

Tony George
Executive Vice President, Human Resources

Ken Lee
Executive Vice President, Marketing and Communications

Timo Lieber
Vice President, Group ATIC Innovation

Ross McCluskey
Group Chief Financial Officer

Julia Thomas
Senior Vice President, Corporate Development

Mark Thomas
Group General Counsel and Head of Risk & Compliance

Geographies

Fred Bai
CEO, Greater China

Sandeep Das
Regional Managing Director, South Asia

Colm Deasy
Regional Managing Director, Asia Pacific

Ian Galloway
Executive Vice President, Middle East and Africa

Graham Ritchie
Executive Vice President, Europe

Gregg Tiemann
Executive Vice President, Americas

Global business lines

Gavin Campbell
President, Transportation Technologies

Ian Galloway
Executive Vice President, Global Trade

Christina Law
President, Global Softlines and Hardlines

Bertrand Mallet
Executive Vice President, Industry Services

Calin Moldovean
President, Business Assurance and Food Services

Saranpal Rai
Sr. Vice President, Electrical

Board Leadership and Company Purpose

Effective and entrepreneurial board

Our Board comprises a Chairman, CEO, CFO and seven independent Non-Executive Directors. We all have differing skills, a wide range of diverse experience and extensive knowledge built up over a period of time in our professional careers which enables the Board to fully understand the strategic business drivers of Intertek but also the risks and exposures associated with the multiple sectors and regions in which the Company operates. The need for an effective and entrepreneurial board to provide the right leadership has never been more 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 inevitable impact of the COVID-19 pandemic on the business, 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 ongoing 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 differentiated 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.

The strategic review involves a 360° review of:

- The Intertek value proposition
- The 5x5 strategy
- Updates on the competitive environment
- Regulatory changes and changes to the economic environment
- Long-term structural drivers
- Emerging trends shaping the world
- Strategic initiatives for the year

We are also responsible for ensuring that the appropriate financial resources and people with the right skills and behaviours are in place to achieve the long-term strategy and deliver long-term sustainable performance. Further information on our strategy and progress towards delivering our strategic aims is set out in the Strategic report on pages 8 to 25 and further information on the activities of the Board is outlined in the table on pages 82 and 83.

Purpose, values, strategy and culture

Intertek has a rich cultural heritage which reaches back over 130 years to some of the world's leading pioneers in the Quality Assurance industry and our pioneering forefathers include giants of innovation such as Thomas Edison. Their legacy and spirit lives on today throughout Intertek and in our people as we continue to drive the global development of the Quality Assurance industry. We have established a purpose of 'Bringing quality, safety and sustainability to life' which resonates strongly throughout Intertek; a purpose which our people are rightly very proud to embody and incorporate when meeting the needs and wishes of our stakeholders. Our purpose is underpinned by a strong set of clear values, as outlined on page 10, which are true to who we are and are the foundations that drive the right cultural behaviours across the Group. To deliver this, we employ people with the right potential, attitude, intellect and entrepreneurial spirit, we introduce them to our culture of excellence and innovation and our exacting customer-focused service standards. By aligning the quality of our people with our high-performance culture, we can deliver our promise to customers and build long-term and mutually rewarding relationships.

The Board, with the Leadership Team, sets the corporate culture that defines our purpose and establishes an environment where values are appreciated and respected, encouraging all of our people to 'Do Business the Right Way'. Our culture and values have been, and remain, the core foundations of Intertek. Our 10X culture is one of entrepreneurial spirit and high performance, where we are totally focused on our customers, as outlined in the Strategic report on pages 2 to 23.

Board Leadership and Company Purpose *Continued*

Board oversight of culture

During the year, we held a board session on culture and we monitored and developed further insights on the culture that is operating within the business throughout the year by reviewing the following:

Area	Link to culture
View from the top	Town halls were introduced and established as a means to allow the dissemination of information to employees across the Group and to enable local leadership to communicate the right behaviours and cultural expectations, as well as peer nominated awards for demonstrating our 10X energies. Town halls occur monthly at every Intertek location globally; they are monitored as it is a Core Mandatory Control and thus reported to the Audit Committee. The 10X growth, coaching, training and people planning and the focus on recognition at all levels ensure that the values and culture are driven right down through the organisation.
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. More information is outlined in the Remuneration Committee report on pages 105 to 130.
Health & wellbeing	Due to the importance we place on safety within Intertek, we have updates at every board meeting on Health & Safety statistics across the Group to monitor trends year-on-year and ensure that the right practices are being followed. There have been weekly emails to the Board to closely monitor our people's health and wellbeing using a '5-category' system, with 'net' data to reflect the number of people in each category excluding those who have now recovered or returned to work due to COVID-19.
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. Everyone in the organisation completes annual training on the Intertek Code of Ethics to demonstrate our understanding of, and commitment to, the highest standards of business conduct. For more information see overleaf.
Key claims reports	Updates at every board meeting on all legal claims and a review of the significant legal claims by the Audit Committee to monitor the trends and types of claims.
Internal audit reports	Updates at every Audit Committee meeting on internal audit reports, the areas of non-compliance with the Core Mandatory Controls and actions taken to address the non-compliance together with trend analysis to underscore that we are 'Doing Business the Right Way'.
Acquisitions	The presentations given in the virtual overseas board meeting in October 2020 clearly demonstrated to the Board how the acquisition of Alchemy had enhanced and made the culture within Intertek richer.

Employees' perspective on our culture

Visits to locations across the world to see the culture operating in situ and receiving the views direct from employees including:

10X culture means bringing positive energy to the system that I'm part of, sharing a vision, inspiring others to make a difference and thinking about the legacy we want to leave, serving the team to grow better together."

Francesco Russian
Sales Director South East Europe
Electrical

10X is about being a better team, employee, leader, company than we were yesterday, last week, last month, quarter, year etc. It is striving to be better with each of our processes, projects, inspections from authorities, management reviews, oversight meetings. Constantly striving for improvements to leave a mark behind that says: this is how good we were then. But look now: we are great. And we can be even better. All this within the framework of our values. So 10X is not just about what we do to strive to be better, but also how we do it (our values, behaviours, code of ethics etc.)."

Nakisa Harmes
Managing Director and Head of
Notified Body Sweden

Board Leadership and Company Purpose *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 differentiated strategy for growth. The Group's key ethics and integrity policies are set out in the Code of Ethics and a detailed description of the topics covered by the Code of Ethics, its operation during the year and the outcomes of these policies are contained in the Sustainability section in the Strategic report on pages 33 and 34. All third parties working for, or on behalf of Intertek, are required, as a condition of engagement, to document their acceptance and understanding of the Intertek Code of Ethics, and Intertek Anti-Bribery Policy before commencing work on our behalf. It is the responsibility of each third party acting on Intertek's behalf to understand and apply these two Intertek Policies in their part of the business.

Whistleblowing is the responsibility of the Board and the Group has a whistleblowing process, which includes a global hotline system enabling all employees, contractors, suppliers and others to confidentially report suspected misconduct or breaches of the Code of Ethics. This is supported by dedicated Compliance Officers across the Group's markets who undertake the investigation of issues that arise 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.

Internal control and risk management

The Board is ultimately responsible for monitoring the Group's system of internal control and risk management and ensuring its effectiveness. Monitoring and reviewing the effectiveness of the Group's internal and risk management controls is discharged by the Audit Committee and they report to the Board on its evaluation of the systems in place. The Board confirms that it has completed a robust assessment of the Group's emerging and principal risks and that the Company has fully complied with the Financial Reporting Council's ('FRC') Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Further information on the framework, its effectiveness and on our financial risk management systems can be found in the Audit Committee report on page 103.

Risk management and internal controls are embedded in the running of each division, business line, country and support function and oversight is provided by divisional, regional and functional risk committees. Each risk committee in turn reports to the Group Risk Committee ('GRC'). The Group identifies and tracks its risk environment using a risk register process whereby the risk committees produce a register of emerging risks in their area of responsibility which are then consolidated at Group level. The GRC uses the Group Risk Footprint for the year under review, with associated mitigation action plans as its baseline, to then add new risks and/or plans, facilitated by the GRC's quarterly risk review process. At each Board meeting, the Group General Counsel presents an integrated risk, control, compliance and quality report including a review of:

- the Group's emerging risk environment, the status of the quarterly emerging risk mitigation action plans and the new quarterly emerging risk mitigation plans;
- the specific systemic risks including quarterly hotline and whistleblowing reports, key claims and unlimited liability contracts; and
- the Group's systemic risk environment, the status of the quarterly systemic risk mitigation action plans and the new quarterly systemic risk mitigation plans.

Our governance 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 entrepreneurial and innovative leadership of Intertek. Our Board consistently acts with integrity, leads by example and promotes the culture to ensure dissemination throughout the Company. It sets the strategic aims of the Company, its purpose, customer promise, vision and values in alignment with our culture as outlined in the Strategic report on page 10.

The Board recognises the importance of its obligations under section 172 of the Companies Act 2006 to engage with, and consider, key and relevant stakeholders as part of its decision-making process. More information on the principal decisions made by the Board are on page 65.

The activities of the Board during 2020 and how the Board's governance contributes to the delivery of Intertek's strategy is outlined on pages 82 and 83.

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.

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.

Read more on pages 98 to 104

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.

Read more on pages 94 to 97

Remuneration Committee

Establishes the Group's Remuneration Policy and ensures that it supports the strategy promoting the long-term sustainable success of the Group and there is a clear link between performance, remuneration and alignment with culture.

Read more on pages 105 to 130

Leadership Team

The Board delegates specific responsibilities, subject to certain financial limits, to management. This is governed by the Core Mandatory Controls, a regularly reviewed and refreshed framework that allows the delivery of the strategic aims and financial performance whilst allowing risk to be assessed and managed. Biographical details of the Leadership Team can be found on our website.

Supporting Committees

The Leadership Team operates a number of supporting committees which provide oversight on key business activities and risks, including the:

Board activities in 2020

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 and 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 differentiated strategy for growth have been met during the year. The 5x5 strategy and goals are outlined in the Strategic report on page 18 and the outcome of some of the decisions made by the Board during the year in line with the 5x5 strategy are outlined on page 65.

In addition to regular items, we receive presentations from the Leadership Team and global leaders across the business on their areas of responsibility and expertise. External speakers also present periodically to provide an overview on global or regional matters. One meeting a year is conducted overseas however, due to the pandemic, this year it was held virtually. Due to COVID-19, we moved rapidly to virtual meetings from March using our Ever Better Tek. The technology has worked extremely well and has enabled the Board and its Committees to fully participate in all discussions and discharge our responsibilities seamlessly.

Principal risks

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

Strategic priorities

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

Key to stakeholder groups

Customers	People
Communities	Suppliers
Investors	Other

Topics	Link to strategic priorities	Link to stakeholders
Strategy **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11		
2020 Board Strategic Agenda		
Group M&A strategy		
COVID-19 update		
Group strategy update & strategic plan		
External presentations on the economic outlook		
Group IT strategy		
Topics for the 2020 strategy session		
2021 annual budget and five-year plan		
Financial management and performance **Link to risks:** 01 02 05 06 07 08 09 10 11		
CEO report		
Finance report		
Investor Relations report		
Financial forecasts		
Approval of full-year results, Annual Report and Accounts, half-year results and the AGM circular and proxy		
Dividends		
Group Portfolio update		

Board activities in 2020 *Continued*

Topics	Link to strategic priorities	Link to stakeholders
People and culture strategy **Link to risks:** 02 03 04 07 08 10		
Culture and people development		
Health & Safety Group update		
Group talent planning		
Group People Strategy		
Executive Committee succession planning		
Sustainability		
Group Sustainability Strategy		
Corporate governance **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11		
Reports of the activities of the Audit, Nomination and Remuneration Committees		
AGM preparation (Chairman's script, Questions & Answers, proxy votes and voting reports)		
Chairman's corporate governance meetings feedback		
Re-election of Directors at the 2020 AGM		
Directors' conflicts of interest		

Topics	Link to strategic priorities	Link to stakeholders
2020 Board, Director and Committee evaluation process		
2019 Internal Board effectiveness review		
Purchase of shares by ESOT		
Compliance and risk **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11		
Quarterly Risk, Control, Compliance and Quality report		
Modern Slavery Statement		
Customers **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11		
Group Innovation Strategy		
Other **Link to risks:** 01 02 03 04 05 06 07 08 09 10 11		
Presentations by regions, country and business lines		

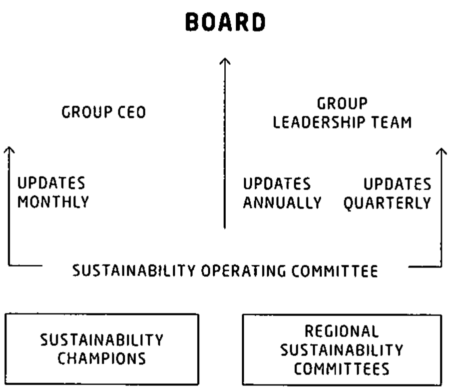
Governance and Sustainability

Sustainability continues to be hugely important and the Board, as part of their overall stewardship of the Company, oversees the Group's sustainability and corporate responsibility. A formal review and presentation to the Board on Sustainability is conducted annually by the Head of Sustainability outlining Intertek's sustainability strategy, our progress and our strategic priorities for the following year.

The Board has delegated responsibility to the Sustainability Operating Committee whose purpose is to advance the Group's initiatives in our external sustainability services for clients, but most importantly in our own internal sustainability activities. The Committee, which meets monthly, is chaired by the CEO, and is made up of the Head of Sustainability, VP Group ATIC Innovation, EVP Marketing & Communications, EVP Human Resources and the Group General Counsel. To support the efforts of the Committee, formal and informal committees led by regional management across the Group globally help to drive our regional strategies for our people, the communities in which we operate, the environment and our customers, through the dissemination of our sustainability strategy.

At Intertek, we believe that we are Born to Make the World Ever Better. For more than 100 years, sustainability services have been core to our global business. As the industry leader in Sustainability Assurance solutions, we have continued to launch products despite the uncertain landscape that COVID-19 has posed to us, as it has sharpened the world's focus on other global threats such as climate change, which still remain ever present. In July 2020, we launched the world's first independent carbon intensity certification programme. Our extensive knowledge of the Oil & Gas sector's drive toward sustainable energy leaves us uniquely positioned, through the use of CarbonClear™, to help producers to achieve the lowest carbon Oil & Gas production in the world. This is only one of many ways we are paving the way to make the world 'Ever Better'.

As a multinational company, we recognise that, although our own operations may not be as energy intensive or resource depleting as other industries, we are still exposed to various types and degrees of risks associated with climate change. We therefore acknowledge that it is important for us to lead the effort globally to mitigate the adverse effects of climate change by both reducing our own emissions, as well as helping those across our value chain. More detailed information on our goals to address climate-related issues, and our strategy for achieving these goals, can be found within our Strategic report (Sustainability section) on pages 26 to 41.



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 2020, by taking account of shareholder and wider stakeholder interests in our strategic planning and decision-making processes, are outlined in the section 172 statement on pages 64 to 70 in the Strategic report. This statement summarises how we have had regard for the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by us during 2020. Details of the principal decisions we have taken during 2020 are set out on page 65 and the value we create for our stakeholders is outlined on pages 67 to 69 in the Strategic report.

The next section summarises how we have engaged with employees during 2020 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 in the Sustainability section of the Strategic report on pages 30 and 31.

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 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 continue to believe that this is 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 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.

COVID-19, a contagious respiratory and vascular disease, became a truly visible risk to the world on 22 January 2020 when the lockdown in Wuhan, China was put in place. On 30 January 2020, the World Health Organisation ('WHO') declared the coronavirus a Public Health Emergency of International Concern, WHO's highest level of alarm. Since that time, we have seen a rapid progression of the virus across all countries, with a resurgence in certain countries of second and third waves of the virus changing very quickly the way we live and how we work. Right from the start of the pandemic, being agile was paramount for all of us and the business reacted fast and decisively to an unprecedented situation. The organisation focused on five critical priorities with the health and safety of our employees as number one and required optimal engagement with our employees. With our people continuing to work in our laboratories, and 20% of our people working remotely, it has never been more important for us to stay connected every day. Our world-class digital communication platform made it possible for us to reach out frequently to everyone in the organisation.

The way our colleagues have come together and brought so clearly to life our purpose to bring quality, safety and sustainability 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.

The following pages outline:

details on how we engaged with our workforce;
what we have learned and how we have responded.

Workforce engagement *Continued*

How did we engage?

Our employees have gone above and beyond their normal call of duty and here are just a few examples of that:

- In March 2020, we launched 'First-In-Queue Priority' for critical care medical devices. Our medical laboratories across North America made it their top priority to ensure that these devices received immediate attention so they could be tested, certified, and rushed into the hands of healthcare workers fast. Products covered under this initiative included ventilators, respirators and other personal protective equipment, CPAP machines, telehealth carts and robots, hospital beds and operating tables, IVD test kits, and several more that were in surging demand. A Rapid Response Team was formed to support our internal teams as they worked with manufacturers, retailers, and facilities around the world.
- We introduced remote training, witness testing, and inspections to support manufacturers, distributors, and retailers.
- Our global team of scientists, regulatory consultants and auditors have worked with companies to help clients innovate and accelerate their progress in finding solutions in response to COVID-19.
- Across the world, from China, Hong Kong, India and the Philippines to the UK, Turkey and Netherlands, colleagues have produced hand sanitiser to keep customers and colleagues safe.
- Intertek Indonesia has provided 200,000 face masks to countries greatly affected by the virus.
- Our Food team in the UK worked seven days a week to collect, register and process samples for clients in a safe way - supporting our customers' tight deadlines.

Our Heroes

Intertek Peru

Artisanal fishing in Peru is an activity to which thousands of people are dedicated and is the only income option to their families. It also takes place in an environment where the risk of infection by COVID-19 is extremely high. However, Intertek colleagues from the Fisheries Surveillance and Control Programme have supported this activity since day zero of the state of emergency, with courage and great responsibility to carry out our commitment to the Government of Peru. Intertek staff are present 24 hours a day, supervising the landing activities of the fishery at 16 docks along the Peruvian coast and at each control point of 17 fish processing plants. Despite the very high risk of infection, Intertek provides them with the assurance to continue. Our work ensures the traceability and sustainability of the main hydro-biological resources, from landing to marketing, to reach all end consumers in Peru.

Intertek Bangladesh

A nationwide lockdown gripped Bangladesh for more than a month due to COVID-19. Our colleagues responded by offering helping hands in whatever way they could. They generated funds, reached out to communities and distributed essential food items. To assist overwhelmed hospitals, Intertek Bangladesh launched a 'Virtual Hospital' initiative, where oxygen cylinders were delivered to the homes of employees and their family members who needed emergency oxygen support, free of cost. The Virtual Hospital also helped colleagues to get appointments with doctors and arrange hospital admissions, which was appreciated by all colleagues.

Intertek Hardlines China

The Hardlines team in Shenzhen, China are determined to get to work, even walking and cycling for close to an hour, so that they can continue to bring 'Ever Better' services to our customers!

Dariusz Lewandowski
Lab Technician, Intertek Lintec

As lockdown commenced due to COVID-19, UK-based Dariusz volunteered to remain in Rotterdam to deliver a time-critical service to one of the biggest shipping companies in the world. Dariusz ended up remaining in Rotterdam for over three months, away from his family and friends, living and working on his own. His efforts made sure that we were able to deliver an 'Ever Better' service to our customer.

Workforce engagement *Continued*

How did we engage? *Continued*

Our engagement with our people during 2020

Around the world in 17 days thanks to our 'Ever Better Tek' the CEO undertook his global market visits virtually completing 32 online townhalls, speaking to more than 3,400 employees in 23 countries. Feedback from these virtual meeting visits was given to the Board in October 2020.

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

Feedback from colleagues on the culture operating within the business. See page 79 for more information.

Virtual meetings with colleagues within the business during 2020, the Chairman and Non-Executive Directors have virtually met 15 leaders across the Group and had presentations on their areas of expertise. The Board was particularly interested to hear from each of the businesses on how the impact of COVID-19 had affected employees and their health and mental wellbeing across the different locations.

An internal stakeholder survey on employee safety and wellbeing was conducted and the findings were presented to the Board in July 2020. The findings outlined what we do well, what is best-in-class and our opportunities and challenges for improvements in Employee Health, Safety, & Wellbeing.

Virtual visits to our laboratories: the October overseas board trip was held virtually and the Board were shown around the following laboratories:

- Boxborough, Massachusetts, USA
- St. Rose, Louisiana, USA
- The American Center for Mobility, Ypsilanti, Michigan, USA
- Lima, Peru

Our colleagues across the world were invited to send in their short Hero story videos about how they or their team are bringing our purpose to life through their work.

The videos are available to view on our intranet and on WhatsIn, our internal communications system.

In action

Boxborough, Massachusetts, USA
Tour of the Boxborough laboratory by Michael Parker, Vice President Electrical, Chem & Pharma USA, showing the various types of medical testing undertaken.

St. Rose, Louisiana, USA
Tour of the Caleb Brett laboratory by Carlos Velasco, Vice President Latin America and Caribbean and Caleb Brett Americas, showing some of the larger testing equipment.

Lima, Peru
Tour of the Lima laboratory by Carlos Velasco, Vice President Latin America and Caribbean and Caleb Brett Americas, showing the control room guiding the inspectors in the harbour.

Ypsilanti, Michigan, USA
Tour of the American Center for Mobility by Gavin Campbell, President of Transportation Technologies, and Ralph Buckingham, Director of Sales - Transportation Technologies, demonstrating the testing of automated and connected vehicles.

Workforce engagement *Continued*

What did we learn were the issues for employees during 2020?

The engagement with our colleagues highlighted four main areas of concern in 2020:

How do I continue to work and how does this affect my wellbeing?"

Will the pandemic affect my job security?"

What does the pandemic mean for our business?"

Will I be safe at work?"

What did we do?

Safety at work

To ensure the health & safety of all of our employees, protocols and measures were reviewed and updated to ensure the highest standards of control, hygiene and prevention were in place pre, during and post-lockdowns. From the beginning of May 2020, all employees were required to wear face masks at work and these were provided by the Company. Scientists and researchers continue to improve their understanding of this novel virus and we are reviewing studies as they are published, in order to evaluate and update our HSE policy against the latest intelligence and to try to anticipate what the mid- to longer-term impact on working practices and societies might be.

Hygiene control and prevention guidance

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

Employee wellbeing

Thanks to our 'Ever Better Tek', our excellent IT colleagues supported the transition for those working in an office to working from home full time to ensure a seamless transition. The systems had already been put in place which enabled virtual working.

We were conscious that the daily living routines for all were disrupted causing additional anxiety, loneliness, stress and strain. The importance of still taking time off was recognised and employees were encouraged to take their holidays. In the UK, during the week of 18 May, Intertek recognised National Learning at Work Week and Mental Health Awareness Week with daily emails sent to employees with different content and resources to support employees at this time.

In December 2020, a new 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.

Further, we have renamed Employee Health and Safety, as - Employee Safety and Wellbeing, so that we will focus even more on these areas going forward.

Ongoing communication

There were weekly audio messages from the CEO to the whole organisation providing information on what was happening throughout the world due to the pandemic, updates on the business, with feedback from clients across all regions and developments in the business together with information on the new safe ways of working and the innovations being brought to the market.

COVID-19

The pandemic has brought much uncertainty into everyone's lives but we believe that this has been a temporary disruption to the supply chain. No restructurings due to COVID-19 have taken place to ensure that we have the expertise within the business to continue to make the world a better and safer place and to take advantage of the business opportunities post-COVID-19.

Investor and shareholder engagement

January
- ODDO BHD Conference, Lyon
- Sydney/Melbourne Roadshow
- Seoul, Singapore, Kuala Lumpur Roadshows

March
- Full year results 2019
- London, Edinburgh, Montreal, Chicago, Toronto, New York Annual Results Roadshows

May
- Trading Statement
- AGM
- Jefferies Structural Winners Conference (virtual)

June
- Barclays Testing, Inspection & Certification ('TIC') Conference (Virtual)

August
- Half-year results 2020
- London, Edinburgh, Toronto, New York, US Mid- Atlantic, Chicago & Midwest – Interim Results (Virtual Roadshows)

September
- UBS Business Services Conference (Virtual)
- Sydney/Melbourne Roadshow (Virtual)
- Citi Growth Conference (Virtual)
- Bernstein London Strategic Decisions Conference (Virtual)

October
- Société Générale – Germany Roadshow (Virtual)
- Berenberg London Testing, Inspection & Certification ('TIC') Conference (Virtual)
- Jefferies 2020 Industrials Conference, London (Virtual)

November
- Goldman Sachs Conference: Carbonomics: The Green Engine of Economic Recovery (Virtual)
- Trading Statement
- Deutsche Bank Business Services Conference, London (Virtual)
- Stifel Roadshow (Virtual)
- AGM Update Statement (website)

December
- Berenberg European Corporate Conference, London (Virtual)
- Credit Suisse Business Services Conference, New York (Virtual)

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.

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
Intertek's largest shareholders, representing circa 65% of the share register, are invited annually to meet with the Chairman to share their views and discuss any corporate governance matters. Following the 57.10% vote in favour of the Remuneration Policy at the 2020 AGM, the Remuneration Committee consulted with shareholders representing circa 66% of the Group's shareholder base, on their reasons for voting against. See pages 105 and 106 for further information.

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

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

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

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

Annual General Meeting ('AGM')
The Board welcomes the opportunity to meet with both private and institutional investors at the AGM.

The 2021 AGM is currently scheduled to be held on 26 May 2021 at 9.00 a.m. at Intertek Group plc, 33 Cavendish Square, London, W1G 0PS, however, we will keep under review any restrictions that may apply. The AGM provides the opportunity for all shareholders to ask questions of the full Board on the matters put to the meeting, including the Annual Report and 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 www.intertek.com.

Due to the unprecedented circumstances presented by the COVID-19 pandemic and to ensure the safety of our shareholders, the AGM on 21 May 2020 was held as a closed meeting, with the necessary quorum present. Shareholders sent any questions to investor@intertek.com which were responded to directly. The results of voting at the AGM were published on the Company's website.

Division of Responsibilities

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

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

Roles and responsibilities

Chairman - Andrew Martin
Key responsibilities

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

Chief Executive Officer - André Lacroix
Key responsibilities

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

Independent Non-Executive Directors
Key responsibilities

- To constructively debate and add value with respect to the proposals on strategy and risk management and offer specialist advice.
- Reviewing and monitoring the performance of management in meeting agreed goals and performance objectives.
- Reviewing the appointment and removal of Executive Directors.
- Allocating sufficient time to the Company to discharge his/her responsibilities.

Senior Independent Non-Executive Director - Graham Allan
Key responsibilities

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

Group Company Secretary - Fiona Evans
Key responsibilities

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

Chief Financial Officer - Ross McCluskey
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 and accounting departments.
- Ensuring that the Company's financial reports are accurate and completed in a timely manner.
- Overseeing the capital structure of the Company, and determining the best mix of debt, equity and internal financing.

Division of Responsibilities *Continued*

Independence

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

The Board recognises the recommended terms 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 95.

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. One such event has taken place this year with the emergence of the COVID-19 pandemic with the Board meeting more frequently during 2020, increasing dialogue about the impact on the business, employees, customers and other stakeholders, together with, agreeing mitigating actions to ensure the long-term success of the Company. All Directors made themselves freely available as required, even at short notice, in order to meet the needs of the business.

Procedures have been put in place and the Directors seek approval from the Board before accepting any additional external appointments. When assessing additional directorships, the Board considers the number and nature of external directorships already held by the individual and the expected time commitment for those roles. During 2020, the Board gave approval to Graham Allan, Louise Makin and Lena Wilson for new appointments. Approval was granted as it was determined that the additional time commitment, taking into account their current overall responsibilities, would not have an effect on their commitment to Intertek as a Non-Executive Director. Graham Allan, as the Senior Independent Non-Executive Director, led the succession planning for the Chairman and has clearly demonstrated that he has sufficient time to devote to his present role at Intertek. Prior to joining the Board, Tamara Ingram and Lynda Clarizio disclosed their current commitments and the time commitment involved. The Board was satisfied that Tamara and Lynda could provide sufficient time to discharge their duties as Directors of Intertek (see biographies on pages 74 to 76). As demonstrated, in the Board meeting attendance table, all Directors who were eligible to attend scheduled meetings attended every such meeting and every unscheduled meeting of which there were three.

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 2020, three additional Board meetings were held to deal with the evolving COVID-19 pandemic.

The Chairman and the Non-Executive Directors meet regularly without the Executive Directors or management being present. 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.

Board members and attendance
Board meeting attendance during the year to 31 December 2020

Board members	Scheduled meetings eligible to attend	Meetings attended
Sir David Reid *(retired 31 December 2020)* Chairman	5	5
André Lacroix Chief Executive Officer	5	5
Ross McCluskey Chief Financial Officer	5	5
Graham Allan Senior Independent Non-Executive Director	5	5
Gurnek Bains Non-Executive Director	5	5
Tamara Ingram *(appointed 18 December 2020)* Non-Executive Director	0	0
Dame Louise Makin Non-Executive Director	5	5
Andrew Martin Non-Executive Director	5	5
Gill Rider Non-Executive Director	5	5
Jean-Michel Valette Non-Executive Director	5	5
Lena Wilson *(resigned 31 January 2021)* Non-Executive Director	5	5

100%
Attendance from all Board members

Division of Responsibilities *Continued*

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.

Composition, Succession and Evaluation

Board appointments

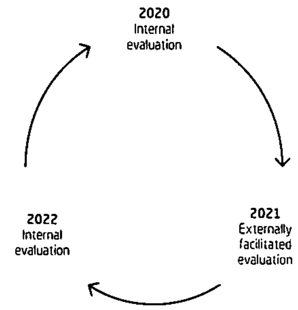
The Board is committed to ensuring that it has the right balance of skills, experience, knowledge and diversity, taking into account the targets of the Hampton-Alexander and Parker reviews, to lead Intertek in these complex and fast-moving times and deliver our strategy and TQA customer promise to Build Back Ever Better post-COVID-19 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 95 and 96.

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 programme, new Directors receive a wealth of background information on the Company and details of Board procedures, Directors' responsibilities, various governance-related issues and sustainability strategy and priorities within the Group. The induction also includes a series of meetings with other members of the Board, senior members of management and external advisers and visits to our laboratories and sites. This process is kept under review, taking into account Directors' feedback.

Ongoing and continual development is crucial to our Directors remaining highly engaged, effective and well informed. All Directors are kept up to date with information about Intertek's business and there is an ongoing programme of information dissemination throughout the year. It is important that the Directors have an appreciation of the business, both in the UK and overseas. During the year, there were presentations from the Leadership Team to the Board and meetings have been held on regional strategy to increase the understanding of operations, opportunities and risks together with presentations from external advisers on regional economic trends and the impact of COVID-19.

Board, Committee and Directors' evaluation



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.

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

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

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

Composition, Succession and Evaluation *Continued*

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.

In 2019, the findings from the internally facilitated Board evaluation were very positive and constructive, with the focus during the year on continuing to improve Board processes to ensure the maximum use of time on discussion, and focus on a few significant areas such as culture, customers and our people. We wanted to understand more about what our employees are thinking and how we can support and develop them, and this became even more important as the pandemic spread around the world with employee engagement becoming one of our top priorities. More information on our workforce engagement during the year is outlined on pages 85 to 88.

We spent more time as a Board looking at the Intertek culture and held a Board session on this during the year and as part of that session, received insights from our employees on what the culture means to them as seen on page 79.

Our customer centricity is the cornerstone of what we do 24/7 and the Board visits to two of our major customers in October 2019 were extremely informative as we continue to support customer innovation and the drive into the services that our customers need. We held a session on the innovation strategy for customers during the year and received updates throughout 2020 on customers from different areas of the business. During 2020, we have listened to and supported our customers in resuming their operations and rapidly brought to market a range of new products to assist in addressing their operational and supply chain challenges due to COVID-19.

Sustainability will continue to be hugely important as demonstrated by the launch in September 2019 of Total Sustainability Assurance, an industry-leading, independent assurance solution enabling businesses to demonstrate their end-to-end commitment to sustainability. During 2020, we launched CarbonClear™, the world's first certification programme that independently verifies the upstream carbon intensity per barrel of oil or gas equivalent. This programme will enable traders, refiners, regulators and other stakeholders to confidently rely on certified and standardised emissions intensities, to further compare and differentiate the value of production streams, and how the purchase of commodities from these streams impacts a company's or country's overall progress toward emissions targets across the energy value chain. During 2020, the Board succeeded in actioning the areas identified from the 2019 evaluation.

Again following the 2020 Board evaluation, the findings from the internal evaluation have continued to be positive with strong scores in the six categories that were evaluated. The findings from the evaluation recognise the continuing drive to be 'Ever Better' and living the Board promise which defines our work and purpose at Intertek. We have continued to review the board processes and have identified areas where more discussion time would be helpful especially in the areas of strategy, customer insights and risk. This will form part of the forward Board agenda for 2021 and the ongoing assessment and monitoring of culture within Intertek will continue to be a focus for 2021. During 2020 and continuing into 2021, as necessitated by the pandemic, we moved seamlessly to virtual meetings and will continue to make best use of the extensive tools we have in place to ensure engagement with our stakeholders, even though it is not possible as yet to undertake meetings in person.

An externally facilitated evaluation will be held in 2021.

Chairman and Director evaluation

The Non-Executive Directors, led by the Senior Independent Non-Executive Director, conducted a performance review of Sir David Reid, who was the Chairman during 2020. They considered his leadership, performance and overall contribution to be of a high standard during the year.

Sir David Reid, the previous 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 and re-election to the Board at the 2021 AGM.

Group Company Secretary support

The role and responsibilities of the Group Company Secretary is outlined on page 90.

Nomination Committee report

I would like to thank Sir David Reid, Chairman of Intertek until 31 December 2020, for his work on board succession, and Graham Allan for leading the Chairman succession process."

Andrew Martin
Chair

Dear shareholder

As Chair of the Nomination Committee ('Committee'), I am pleased to present the Committee's report for 2020.

2020 has been a busy year for the Committee, focusing its discussions on reviewing the current experience and skills on the Board and likely future needs in order to build up a total skills overview and identify any gaps; the outcome from the Board evaluation is also used to inform these discussions.

A priority for us was Executive and Non-Executive succession planning; with the impending retirement of Sir David Reid, Louise Makin and Lena Wilson as they approached nine years since their date of appointment, succession planning was a focal point for the Committee throughout 2020. I would like to thank Sir David Reid, Chairman of Intertek until 31 December 2020, for his work on board succession, and Graham Allan for leading the Chairman succession process.

The impact of the pandemic highlighted more than ever the importance of the characteristics of our Board to ensure their experience would provide strength and resilience to lead the Group through any crisis, whilst maintaining the level of knowledge and skills appropriate for the industries that Intertek operates within. The Committee has demonstrated its ability to successfully identify these key characteristics and in December 2020 and March 2021, respectively, Tamara Ingram and Lynda Clarizio were appointed to the Board as Non-Executive Directors. Tamara and Lynda are passionate, committed and well-rounded businesswomen with track records of outstanding leadership in their areas of expertise and proven adaptability; they are both excellent additions to the Board.

When facing the pandemic, the Board and Senior Management team have demonstrated their versatility, adaptability and reactivity to quickly evolving challenges, whilst simultaneously navigating the Group through these unprecedented times with the strategy remaining the core of 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

Membership of the Committee

During the year, we held five 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 2020

Committee members	Scheduled meetings	Meetings attended
Sir David Reid (Chair) *(retired 31 December 2020)*[1]	5	5
Graham Allan	5	5
Gurnek Bains	5	5
Dame Louise Makin	5	5
Lena Wilson *(resigned 31 January 2021)*	5	5

1. Andrew Martin was appointed Chair of the Committee on 1 January 2021.

100%
attendance

Role and key responsibilities of the Committee

- Review the structure, size and composition of the Board and its Committees.
- Identify, review and nominate 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.

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

Nomination Committee report *Continued*

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

Committee responsibilities and how we met them in the year

Performance evaluation

As part of the annual Board evaluation, the Committee's performance was evaluated by all Committee members and it was shown that the Committee is 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 except the Chairman, that each Non-Executive Director continued to be independent in accordance with the criteria set out in the Code.

Talent mapping, succession planning and senior management succession

In the past year, we have particularly focused 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 executives, and a longer-term view looking at the relationship between the delivery of the Group strategy and objectives and the skills needed on the Board now and in the future.

As part of our succession planning, the Committee initiated a search for 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 candidate(s) selected exhibited the right behaviours to fit the culture, values and ethics of the Group and would also be able to allocate sufficient time to the Company to discharge their responsibilities.

The Committee engaged Spencer Stuart, an external search agency with no other connection to the Company or its individual Directors, to assist with the selection process. An initial list of potential candidates was produced and shortlisted. The Committee members and the Chairman both met separately with the shortlisted candidates, following which they agreed to recommend to the Board the appointment of Tamara Ingram as Non-Executive Director, with effect from 18 December 2020 and subsequently the same process was followed with Lynda Clarizio who was appointed to the Board on 1 March 2021. Tamara has had an extensive career in advertising, marketing and digital communication and brings her deep understanding of consumer brands and digital strategy to complement the current skills and experience on the Board. Lynda has over 20 years' experience in the media industry and her significant experience in digital measurement and broader technology provides a strong addition to the current skills on the Intertek Board.

Following Sir David's ninth consecutive year on the Board on 1 December 2020, the Committee held a number of meetings throughout the year to support the search and appointment of the new Chairman. When the Committee dealt with the succession of the Chair, Graham Allan, in his capacity as Senior Independent Non-Executive Director, chaired the meetings. Interviews were conducted with external search consultants, with the interviews resulting in the engagement of Lygon Group to assist in the search for potential candidates for Sir David's successor. Lygon Group have no connection to Intertek or any individual Directors. Following meetings with each individual Director, Lygon Group presented a list of potential candidates for the Committee to consider. Upon consideration of the list of potential candidates and subsequent interviews, the list was reduced. In addition, the Committee also considered current acting Directors for the role.

The Committee held a meeting to discuss and agree the appointment of a new Chair, which was followed by separate presentations made by the candidates to the Board, as well as separate meetings with the CEO. As a result, the Committee made a final recommendation to the Board that Andrew Martin be appointed as Chairman of the Company. The Board supported the recommendation and in turn Andrew Martin was appointed Chairman of the Company with effect from 1 January 2021, following the retirement of Sir David Reid with effect from 31 December 2020. Sir David's letter of appointment expired on 30 November 2020, and thus the Committee approved a one-month extension to his term. As a result, Sir David's tenure exceeded the recommended nine years under Provisions 10 and 19 of the Code, however the Committee and the Board deemed this necessary to ensure a smooth transition in the succession of the Chair and given that Andrew's appointment would not come into effect until 1 January 2021.

Subsequently, with effect from 1 January 2021, Andrew stepped down as Chair of the Audit Committee in line with Provision 24 of the Code; Jean-Michel Valette was appointed Chair of the Audit Committee with effect from 1 January 2021 and Gill Rider was also appointed a member of the Audit Committee on 1 February 2021.

With effect from 31 January 2021, Lena Wilson retired from her role on the Board after having served for nearly nine years from the date of her appointment. During this time, Lena has been a diligent and valued member of the Board, and the Audit and Nomination Committees, and we thank her for her enthusiasm, dedicated service and valuable contribution. Louise Makin will be stepping down from the Board on 30 June 2021 having served for nine years from the date of her appointment.

During the year, the Board approved the external appointment of Jonathan Timmis as Group Chief Financial Officer, taking over from Ross McCluskey. Jonathan will join the Board as an Executive Director on 1 April 2021.

Jonathan is an Associate member of the Chartered Institute of Management Accounting. He has had an exceptional career with some of the top companies in the world. At Reckitt Benckiser, prior to his current role as CFO Health, he has been 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 also for its UK business. Jonathan's early career in finance was with PricewaterhouseCoopers.

Nomination Committee report *Continued*

Ross McCluskey, who was appointed as Group Chief Financial Officer on 22 August 2018, will be appointed into a new operational role in the business from 1 April 2021. This provides an excellent opportunity for him to grow his operational experience and continue within the business.

Board reappointments

Having come to the end of their first term on 30 June 2020 as Non-Executive Directors on our Board, Gurnek Bains and Jean-Michel Valette's appointments were reviewed. Following this review, the Committee was pleased to recommend to the Board the reappointment of Gurnek and Jean-Michel for a further three years, until 30 June 2023.

Graham Allan's first term as Senior Independent Non-Executive Director came to an end on 30 September 2020, and thus his appointment was also reviewed. Following this review, the Committee was pleased to recommend to the Board the reappointment of Graham for a further three years until 30 September 2023.

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

Biographies for all of the Directors are available on pages 74 to 76, 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 evaluation of the Board, Committee and Directors are outlined on pages 92 and 93. 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 2019 and 2020 are outlined on pages 92 and 93 and the feedback from the Board evaluation is taken into account when determining the key skills required for new Directors on the Board.

Chairman and Non-Executive Director Appointment Process

Skills and Composition Review

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

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Creating the Brief

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

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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.

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Due Diligence

Once the candidates are shortlisted, extensive due diligence is undertaken on each individual. Once the due diligence is completed, the candidates are invited to separate meetings with the Board and the CEO.

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Recommendation

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

Diversity

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

In identifying suitable candidates to recommend for appointment to the Board, the Committee considers all candidates on merit, against objective criteria, and with due regard for the benefits of diversity on the Board to achieve the most effective Board possible. We expect to make continued progress as our existing Non-Executive Directors rotate in the ordinary course of business.

Due to the strategic importance of talent mapping and succession planning to the long-term sustainable success of the Group, the Board, as a whole, discusses and supports succession planning in the Leadership Team and as part of that discussion review the diversity, as well as talent mapping across the Group in respect to Regional, Country and functional roles. 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 77.

Our policy on Board gender diversity, which is available on our website, is aligned to the recommendations of both Lord Davies in his report 'Women on Boards', and the Hampton-Alexander Review ('Review'), which encourages at least 33% representation of women on FTSE 350 boards by the end of 2020 and with the Parker Review 'Beyond One by 21', which recommends that FTSE 100 company boards should have at least one ethnically diverse Director by 2021.

We met and complied with both the targets outlined in the Review and the Parker Review by the end of 2020. As at 31 December 2020, we had four female Non-Executive Directors representing 36% female membership and one ethnically diverse Director on the Board.

The gender balance, ethnicity and geographical heritage of the Board as at the date of this report is set out in the diagrams overleaf. As at 31 December 2020, as per the definition in the Code, the senior management gender balance was nine male and three female and their direct reports were 89 male and 31 female. Further details regarding gender balance across the Group is outlined on page 30 within the Sustainability section in the Strategic report.

Nomination Committee report *Continued*

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

Skills and experience on the Board as at the date of publishing this report

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

1. Appointed Chairman on 1 January 2021.
2. Appointed 1 March 2021.
3. Appointed 18 December 2020.

Board composition and diversity as at the date of publishing this report

In the Hampton-Alexander Review report 2021, Intertek is:

One of 68
FTSE 100 companies
who have met or exceeded the Hampton-Alexander target of 33% Women on Boards

Ranked 37
of FTSE 100 companies

Ranked 14
of 23
in the Support Services sector across the FTSE 350

Audit Committee report

Intertek's business model remains resilient, but like other companies operating during these unprecedented and challenging times due to COVID-19, we continue to support and closely monitor the financial results of the Group."

Jean-Michel Valette
Chair

Dear shareholder
On behalf of the Audit Committee ('Committee'), I am pleased to present the Committee's report for 2020. I was pleased to take up the role of Chair of the Committee with effect from 1 January 2021 following Andrew Martin's move to become Chairman of Intertek Group plc. Andrew was an exemplary Chair of the Committee and on behalf of the Committee members I thank him for his dedication and leadership. I look forward to continuing the good work of the Committee during my tenure as Chair.

This report aims to outline the activities and the responsibilities of the Committee, and is intended to provide shareholders with an insight into key areas considered in scrutinising the conduct of the business, its management and auditor, to protect the interests of our shareholders, the livelihoods of our employees, and the confidence of our customers and suppliers in the long-term financial strength of our Group, especially during 2020 where we have faced an unprecedented global pandemic.

As Chair of the Committee, I shall, as did my predecessor, make myself available to shareholders, especially at the AGM, to facilitate the answering of any questions that they may have around the scope of the Committee's responsibilities as a whole, the Committee's activities throughout the year, and any other questions that may arise from this report. However, as with many aspects of our business during the year, the 2020 AGM was impacted by the COVID-19 outbreak in the UK, making a physical meeting impossible but arrangements were put in place to ensure that we were able to respond to any shareholder enquiries online via our investor email.

During 2020, whilst the Committee's primary focus centred on the accuracy of the Group's financial reporting, we have applied additional focus to assess the COVID-19 impact on the risk management and internal control framework, 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 unprecedented and challenging times due to COVID-19, we continue to support and closely monitor the financial results of the Group.

The COVID-19 outbreak first impacted the UK in the first quarter of 2020 and in March 2020 the FCA issued a Statement of Policy recognising the unprecedented challenges faced by companies and their auditors in preparing audited financial information as a result of the pandemic. Following a review of the practical impacts on the audit process, such as travel and access to key offices, we agreed ways to ensure that a full audit could be conducted at both the half and full-year without impacting on our half and year end reporting deadlines.

We advised the Board that the 2020 Annual Report and Accounts is fair, balanced and understandable and provides the necessary information for our shareholders to assess the Group's position, performance, business model and strategy. The process of review is described in greater detail on page 103.

PricewaterhouseCoopers LLP ('PwC') completed their fifth full audit of the Group for the year ended 31 December 2020. 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.

We carried out an internal evaluation of the Committee during the year, and 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.

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 recent and relevant financial experience and competence relevant to the sectors in which Intertek operates, meeting the requirements of the Code. Jean-Michel, Gill and Louise all collectively possess the qualities which, complemented with 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, are indicative of an effective committee. Jean-Michel has been the Chair of the Audit Committee of the Boston Beer Company since January 2019, after being a member of that Committee since 2003. He is also designated a financial expert on the Sleep Number Corporation board. Their collective experience in the roles of Chief Executive Officer, as well as other senior global positions, demonstrates their ability to oversee key risks, not just financial, as well as maintain the intellectual curiosity and professional challenge needed to operate effectively as a committee.

During 2020, the Committee comprised Andrew Martin (as Chair, and with relevant financial experience), Louise Makin, Jean-Michel Valette and Lena Wilson and during that period the Committee met the requirements of the Code.

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

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. During the year, there were no changes to the composition of the Committee.

An overview of the background, knowledge and experience of the Committee Chair and each of the Committee members can be found on pages 74 to 76 and in the Notice of the AGM.

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

Committee meeting attendance during the year to 31 December 2020

Committee members	Scheduled meetings	Meetings attended
Jean-Michel Valette (Chair) *(appointed Chair on 1 January 2021)*	4	4
Andrew Martin *(Chair to 31 December 2020)*	4	4
Dame Louise Makin	4	4
Lena Wilson *(resigned on 31 January 2021)*	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 the timing of meetings and clear annual agenda worked well, the composition of the Committee was good, there was very thorough reporting by the Chair and the Committee to the Board and consideration would be given to how internal and external audit synergies could be maximised. 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.

Audit Committee report *Continued*

Committee responsibilities and how we met them in the year

The Committee has specific responsibilities delegated to it by the Board and the full Terms of Reference of the Committee can be found at intertek.com. The Group Company Secretary, the audit partner and members of his team attended all meetings held during the year. At the invitation of the Committee, the Chairman, CEO, CFO, Deputy Group Financial Controller 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 below outlines what the Committee considered during 2020.

February	May	July	December
Management Highlights Memorandum for the year ended 31 December 2019	Annual appraisal of the external auditors	Management Highlights Memorandum for the period ended 30 June 2020	Accounting update paper for the year ended 31 December 2020
Viability Statement	PwC Audit Plan for the year ended 31 December 2020	Going Concern assessment	Group Risk Process and Viability Statement basis of preparation for the year ended 31 December 2020
Going Concern assessment	Internal Audit Summary Q4 2019	PwC Interim review findings for the period ended 30 June 2020	Update on Core Mandatory Controls and Assurance Map
Letter of Representation to PwC and Statement of Directors' Responsibilities for the year ended 31 December 2019	Internal Audit Q1 2020 update	Letter of Representation and Statement of Directors' Responsibilities for the period ended 30 June 2020	Non-audit fees update for the year ended 31 December 2020
PwC report to the Committee for the year ended 31 December 2019 and independence confirmation	COVID-19 response and Internal Audit Plan for the rest of 2020	Draft 2020 Half Year Results	PwC pre-year end accounting and controls update
Draft 2019 Full Year Results	Private meeting without management with the Group Audit Director	Internal Audit Q2 2020 update	Internal Audit August to November 2020 update
Policy for engagement of External Auditors and pre-approval of non-audit activities for the year ended 31 December 2020		Private meetings without management with (i) PwC and then (ii) the CFO	Internal Audit Plan for 2021
Fraud processes			Update on Internal Audit effectiveness
2020 Rolling Committee Agenda			Private meeting without management with the Group Audit Director
2019 Evaluation of the Committee			
Committee Terms of Reference			
Private meetings without management with (i) PwC and then (ii) the CFO			

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 sensitivity scenario of a reduction of 50% to the base profit forecasts and the corresponding impact to cash flow forecasts in both 2021 and 2022 due to a greater than expected impact of COVID-19) and the review of principal risks and uncertainties undertaken.

The Committee reviewed the paper and robustly challenged the assumptions with management and after making diligent enquiries, the Directors have a reasonable expectation, based upon current financial projections and bank facilities available, that the Group has adequate resources to continue in operation and meet its liabilities as they fall due over the period. This conclusion is based on a review and an assessment of the levels of facilities expected to be available to the Group, based on levels of cash held, Group Treasury funding projections, and the Group's financial projections for a period to 31 December 2022. As disclosed in note 14 of the financial statements, all the current borrowing facilities are expected to be available at 31 December 2021, except for US$15m of senior notes that are due to be repaid in July 2021 and US$140m of senior notes that are due to be repaid in January 2022, and our models forecast these to be repaid using current facilities. Following the recommendation of the Committee, the Board continues to adopt the going concern basis in preparing the Group's financial statements (as disclosed in note 1 of the financial statements on page 141) and has approved the long-term viability statement as set out on page 57.

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, and Ian Chambers the Audit Partner, 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. The Audit Partner is due to rotate in May 2021 and the transition to the new Audit Partner is currently taking place.

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

Effectiveness of the external audit process

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

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

The views of management and the Directors on PwC's service, level of challenge, and application of professional judgement are obtained via a questionnaire, and subsequent follow up as necessary. The feedback is then presented to the Committee.

The key findings and recommendations from both processes, together with any form of appropriate external valuation such as feedback from shareholders and the FRC Audit Quality Inspection Report then form the basis of the assessment of PwC's effectiveness, together with the Committee's experience of dealing with PwC during the year.

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

Following this review, the Committee considered in detail the feedback received from a selection of Intertek personnel, including Committee members, Group functions, regional finance teams and country finance managers. The feedback was consistent with 2019 and it was noted that there had been a high level of staff continuity and improvements had been recognised in the areas of communication and business knowledge with increased visibility of senior team members. The audit findings and the areas to improve were discussed at the May 2020 Committee meeting and PwC effectively addressed questions and challenges provided by Committee members.

The Committee concluded, at the meeting held in May 2020, 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 2020 audit of the Group will be reviewed by the Committee in May 2021.

Audit and non-audit fees

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

It identifies certain types of engagement that the external auditor shall, subject to the audit cap, be permitted to undertake, including reviewing interim financial information, verification of interim profits, extended audit or assurance work in an entity relevant to the Group, assurance work on agreed procedures or governance, reporting on government grants, reporting on covenant or loan agreements that require independent verification, generic subscription services providing factual updates in changes of law or accounting standards and any services subject to an application to the competent authority.

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

The Committee annually reviews and re-approves the framework of permitted non-audit services as set out in the policy, taking into account any changes in legislation and best practice. PwC also provides an update on the spend for non-audit services twice a year. For 2020, the Committee pre-approved a total non-audit spend of £250,000.

As per the policy, all non-audit services have to be approved by the CFO, and in the event that the pre-approved limit is exceeded, the Committee Chair and the CFO have to approve an increase to the pre-approved limit. In 2020, this process operated effectively.

Audit Committee report *Continued*

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

Further information is contained in note 4 to the financial statements on page 147.

Audit fee breakdown for services provided by PwC in 2020

	2020 £m	2019 £m
Total non-audit fees	0.2	0.1
- audit-related services	0.2	0.1
- tax services	-	-
- other non-audit services	-	-
Audit fee	4.8	4.6
% of audit fee	4%	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 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 COVID-19 had impacted on the ability of the Internal Audit team to undertake the full programme of audits planned for the year and the need to conduct computer-based audits rather than site visits where necessary. 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 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. The next independent review of effectiveness will be in 2022.

In 2020, the Committee:
Oversaw the independence of Internal Audit by maintaining a direct independent reporting line between the Group Audit Director and the Committee Chair, and by meeting with the Group Audit Director without the presence of management.
Approved the audit plan aimed to ensure that all significant businesses have received multiple audits but this was subsequently reviewed to take account of the impact of COVID-19 on the ability to undertake internal audits. The Committee gave due consideration to local Government COVID-19 regulations in each country and reviewed the audit plan accordingly reflecting that many auditors were required to work from home, no foreign travel would be possible although domestic travel may be permitted, in country audits in countries where auditors were based would continue, some audits would have to be postponed and remote auditing would take longer as the auditors would be more stringent on ensuring that proper evidence was produced.
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 controls framework, areas of good practice and areas for improvements. The Committee has noted a steady improvement in audit scores over the period since the introduction of the Core Mandatory Controls framework.
Monitored management progress on addressing audit actions.
Reviewed the annual assessment on the effectiveness of the Group Internal Audit function which included feedback from key business stakeholders. An action plan for areas of improvement was approved. An independent review of effectiveness, which is carried out every three years, will be undertaken in 2022.

Fair, balanced and understandable assessment

The Code depicts that through its financial reporting, the Board should provide a fair, balanced and understandable assessment of the Group's position and prospects. We, at the Board's request, reviewed the 2020 Annual Report and Accounts to determine whether, taken as a whole, the report meets the standard prescribed, whilst simultaneously providing shareholders with the necessary information to facilitate their assessment of the Group's position, performance, business model and strategy.

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

- clear guidance and instruction given to all contributors, including at business line level;
- revisions as a result of regulatory requirements monitored on a regular basis;
- pre year end discussions held with the external auditor in advance of the year end reporting process;
- external auditor in advance of the year end reporting process;
- pre year end input provided by senior management and corporate functions;
- a verification process dealing with the factual content of the reports to ensure accuracy and consistency;
- comprehensive review by the senior management team to ensure overall consistency and balance;
- review conducted by external advisers and the external auditor on best practice with regard to the content and structure of the Annual Report and Accounts;
- review and consideration of the financial statements by the Committee; and
- final sign-off by the Board.

Internal control and risk management systems

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

We annually review and approve the statements to be included in the Annual Report and Accounts to ensure they remain relevant to the Group's strategy and operations as well as complying with any regulatory requirements.

'Doing Business the Right Way' is at the heart of what we do and is a key enabler of our 5x5 strategy for growth. The Intertek Core Mandatory Controls ('CMCs') are an integral part of 'Doing Business the Right Way', and provide the mechanism by which we define, monitor and achieve consistently high standards in our control environment throughout the whole organisation. At the end of the year, the Committee undertook a review of the 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 2020 internal audit review process, remediation plans have been put in place. For 2021, this process was reviewed and there were additional controls introduced to address the areas for improvement identified in 2020, changes to existing controls in order to improve their precision, clarity and specificity with further clarity achieved by consolidating Local IT and General IT into a single integrated OneIT control set.

In order to provide assurance that the Intertek controls and policy framework is being adhered to, a self-assessment exercise is undertaken across the Group's global operations. This exercise is reviewed and refreshed each year to align to the updated control framework and to support the continued development of the Group's control environment. An online questionnaire requesting confirmation of adherence to controls: financial, operational, HR and IT is sent to all Intertek operations. Where corrective actions are needed, the country is required to provide an outline and a confirmed timeline. The results are used as an input for the Internal Audit and Compliance Audit assurance work for 2021.

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.

A detailed verification programme also provides assurance to the Committee and the Board when checking that all the statements made in the Annual Report and Accounts are accurate. Intertek's Manual of Accounting Policies and Procedures is issued to all finance staff giving instructions and guidance on all aspects of accounting and reporting that apply to the Group. More information on the risk governance and management system and processes is outlined on page 80. The Committee can confirm that it reviewed the Group's internal controls and risk management systems and concluded that there was a sound and effective control environment in place across the Group during 2020, 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. We are advised of any significant notifications from the whistleblowing hotline.

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

Significant issues considered by the Committee

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

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

Audit Committee report *Continued*

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

Area of Judgement	Committee comment
Claims	From time to time, the Group is involved in various claims and lawsuits incidental to the ordinary course of business. The Committee considered the claims provision which reflects the estimates of amounts payable in connection with identified claims from customers, former employees and others. The Committee noted that once claims have been notified, the finance teams liaise with the business to determine whether a provision is required, based on IAS 37 *Provisions, Contingent liabilities and Contingent assets* ('IAS 37'). The level of provision is subsequently reviewed on a regular basis with the Group General Counsel, taking into account the advice of external legal counsel. The Committee, following assurance from management and review of the report presented by the external auditor, considered and agreed that the claims provision, and associated disclosures, were appropriate given the size and status of claims reported.
Taxation	The determination of profits subject to tax is calculated according to complex laws and regulations, the interpretation and application of which can be uncertain. In addition, deferred tax assets and liabilities require judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income. The main areas of judgement in the Group tax calculation are the expected central tax provisions for the full year, including provisions related to transfer pricing risk, and the recognition of the UK deferred tax asset. Twice a year, the Committee receives a report from management providing an evaluation of existing risks and tax provisions which is reviewed by the Committee. The Committee also considered reports presented by the external auditor before determining that the levels of tax provisioning were appropriate.
Restructuring	In reviewing the provision for restructuring, the Committee reviewed details of the activities pursued as part of the restructuring ensuring that the appropriate level of provision is put in place, that these activities are aligned with the Group's strategy for growth and their classification as a separately disclosed item is appropriate.
Accounting for acquisitions	The Committee was advised of the approach taken to acquisitions which had their fair values finalised in the year including any associated contingent consideration. Any provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Details of acquisitions in 2019 are set out in note 10 on page 157. The Committee, following assurance from management and review of the position by the external auditor, was satisfied that the treatment was appropriate.
Impairment	On acquisitions, the Group is required to make judgements to estimate the fair value of assets and liabilities acquired; in particular, the amounts attributed to separate intangible assets such as titles, brands, acquired customer lists and associated customer relationships. These judgements impact the amount of goodwill recognised on acquisitions. Annually, an impairment assessment is performed and the impairment model used has been updated to reflect the impact of COVID-19. The Committee noted the update as at the year end and, taking into account the extra work undertaken due to the current economic environment, and after seeking confirmation from the external auditor, agreed the disclosure in the Annual Report and Accounts.
Pensions	The Group operates a number of post-employment plans. In most locations, these are defined contribution arrangements. However, there are significant defined benefit schemes in the United Kingdom and Switzerland. Having considered advice from external actuaries and assumptions used by companies with comparator plans, the Committee agreed that the assumptions used to calculate the income statement and balance sheet assets and liabilities for post-employment plans were appropriate (see note 16).

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

Remuneration Committee report

COVID-19 has impacted so much and so many; a challenging year. The Board is confident our Remuneration Policy and rewards appropriately reflect Intertek's resilient performance and our shareholders' experience and views."

Gill Rider
Chair

Dear shareholder
I am delighted to present our Remuneration Committee report for the year ended 31 December 2020.

Business context

In an extremely challenging macroeconomic environment, the Group has demonstrated the strength of our high quality and highly cash-generative earnings model and the effectiveness of our 5x5 differentiated strategy for growth. Despite an unprecedented global pandemic, we have delivered resilient 2020 performance:

- Resilient FY financial performance, ahead of earnings and cash expectations
- H2 2020 adjusted operating profit of £259.5m with record adjusted operating margin of 18.4%, up 60bps YoY at constant rates
- Statutory operating profit of £378.2m, down 20.7% YoY at constant rates
- Excellent cash conversion of c.150% drives a record adjusted free cash flow of £435.6m, up 10.2% YoY
- Strong balance sheet with financial net debt of £419.9m, down £209.5m YoY; financial net debt to EBITDA of 0.7x
- Highly cash-generative and carbon-light earnings model delivers strong adjusted ROIC of 21.6%, down 190bps YoY at constant rates
- Sustainable returns to shareholders with FY 2020 dividend of 105.8p, in-line with 2019.

2020 AGM voting

As many shareholders will recall, in 2019, in line with the ordinary cycle, the Remuneration Committee ('Committee') presented our previous Directors' Remuneration Policy for shareholder approval at the AGM. The 2019 Policy received overwhelming shareholder support, with almost 98% votes in favour.

Whilst the Remuneration Policy received strong support at the AGM, the Committee received feedback from some of our largest shareholders in respect of the performance metrics used for the long-term incentive plan. Reflecting on the feedback, and following extensive consultation, we proposed changes to the long-term incentive performance criteria to ensure they supported the Group's 5x5 differentiated strategy for growth (metrics updated to EPS; ROIC; Free Cash Flow). As such, a new Remuneration Policy was presented for shareholder approval at the 2020 AGM. Whilst the changes to the performance metrics received strong support from shareholders, we were disappointed that only c.57.1% of shareholders supported the Remuneration Policy resolution at the 2020 AGM.

The Board is committed to maintaining ongoing, open dialogue with our shareholders, and, following the AGM, we engaged with a number of our largest shareholders to fully understand their concerns. During consultation, we learnt that there were three principal factors that led to the 2020 AGM result:

- a desire to see a glide path reducing the CEO pension allowance;
- request for a higher level of shareholding requirement for the CEO; and
- a desire for greater clarity on post-cessation of employment shareholding requirements.

Based on the feedback received, and the performance of the Group and the executives (as detailed above), the Committee is proposing the following:

- **Executive pensions** - Reflecting on the expectations of some of our shareholders, we have agreed with the CEO to reduce his pension from 30% of base salary to 5% of base salary over five years, which is the level of the majority of the UK workforce (reducing at the rate of 5% p.a.).
- **Executive shareholding requirements** - In order to promote long-term shareholdings and provide alignment with long-term shareholder interests, we are significantly enhancing the CEO and CFO's shareholding requirements:
  - the CEO's shareholding requirement will be increased to 500% of base salary (from 200%); and
  - the CFO's shareholding requirement will be increased to 300% of base salary (from 200%).
- **Post-cessation of employment executive shareholding requirements** - In addition to the above, and in line with best practice, we are updating our post-cessation of employment shareholding requirement such that executives will be required to hold the lower of their actual shareholding and in-employment shareholding requirement for two years post-cessation of employment.

Remuneration Committee report *Continued*

Considering that we were making changes to the CEO remuneration, we took the opportunity to do a thorough benchmark of our CEO's remuneration given that we had not done such a review for six years. During these six years, we have seen the Company transform itself both financially, but also in terms of the culture and capability that the CEO and his team have been able to create. Notable highlights include:

- Group Revenue increasing by CAGR 4.6% (£2,093m (FY'14) to £2,742m (FY'20)).
- Adjusted diluted EPS increasing by CAGR 4.4% (132.1p (FY'14) to 170.9p (FY'20)).
- The Group's market capitalisation having grown from £3,702m (December 2014) to £9,110m (December 2020) and an increase in the dividend by CAGR 13.6% to 105.8p.
- The Company has been within the FTSE 50 for over two years.

As a consequence of this review, we feel it is appropriate for us to also propose an adjustment to the CEO's long-term incentive opportunity as below.

- Long-term incentive opportunity for the CEO – Reflecting the growth in the size and complexity of the Group and the performance of the CEO since appointment, the Committee is proposing to increase the long-term incentive opportunity for the CEO by 50% of base salary to 300% of base salary. Following the increase, the total remuneration opportunity for the CEO will be positioned competitively against other FTSE 100 peers.

  The Committee recognises the need to exercise caution in the current market. The Committee therefore carefully considered whether it would be appropriate to proceed with the increase for the FY'21 performance year. In light of the performance of the business (as detailed above) and the Group's share price performance, broadly flat year-on-year in a very challenging macroeconomic environment, the Committee agreed it would be appropriate to implement the increase this year, subject to the shareholder vote on the Remuneration Policy.

On behalf of the Remuneration Committee, I would like to thank shareholders who engaged extensively with us over the course of the year. The time they committed to conversations with us brought real insight and was highly valuable to the Committee in the development of our approach to executive remuneration going forward.

Pay for performance

Intertek's firm belief is that incentive awards for executives should be tied to the performance of the Group, and therefore the shareholder experience. Incentive awards are therefore based purely on financial performance.

As set out earlier in the Annual Report, in a tough economic environment, Intertek has had a resilient full year performance with (8.2%) decline in revenue ((6.7%) at constant currency) and (18.4%) decline in adjusted operating profit ((17.0%) at constant currency), an adjusted operating margin of 15.6% (down 190bps at constant currency), a proposed full year dividend of 62% and ROIC of 21.6%. Based on our predetermined performance matrix, the Committee approved a 0% payout of annual incentive.

The three-year performance of the Group has delivered adjusted diluted EPS CAGR growth of (1.6%) at 2017 constant currency and total shareholder return of 24.8%, just below the upper quartile of the FTSE 31-130. This has resulted in a payout under the 2018 long-term incentive award of 41.5%.

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

- overall share price performance in the year and the exceptional share price performance since the outbreak of COVID-19, reflecting the resilient performance of the Group;
- the positive actions taken by the Board to provide maximum support to our clients, employees and communities in these uncertain times; and
- the overall stakeholder experience over the year.

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.

COVID-19 was an unprecedented global pandemic impacting the world economy and all its stakeholders. Given this backdrop, the CEO recommended to the Committee a 0% salary increase for himself this year. This recommendation was approved whilst the UK workforce has been granted a yearly salary increase as every year.

Board changes

As announced on 5 October 2020, Jonathan Timmis will be appointed as CFO with effect from 1 April 2021. In terms of remuneration, Jonathan has been appointed on a remuneration package reflecting the calibre of the individual and taking into account his remuneration arrangements at his previous employer, as follows:

- base salary: £525,000;
- pension: 5% of salary (in line with the wider workforce);
- annual bonus opportunity: 200% of salary (in line with his predecessor); and
- LTIP opportunity: 200% of salary (in line with his predecessor).

Jonathan will forfeit a number of awards on leaving his current employer, including performance share awards, share option awards and one-off restricted stock awards as he was a high performer, granted in May 2018 through to May 2020. In determining the appropriate buy-out award, the Committee took into account the time horizons of awards forfeited, the nature of the awards and the performance conditions attached to those awards. Reflecting these factors, the Committee agreed to buy-out the awards in the form of restricted shares linked to Intertek share price performance, with elongated time horizons relative to the awards being forfeited. A buy-out award of 39,000 shares will therefore be awarded to Jonathan on appointment, with the shares vesting in equal tranches on the first, second and third anniversary of grant. The Committee was comfortable that the awards were a fair reflection of the awards being forfeited by Jonathan.

Wider workforce
Finally, I would also like to recognise the efforts made throughout the Group in 2020, as we responded to COVID-19 with organisational focus on employee wellbeing, safety and engagement. In an extremely challenging macroeconomic environment, the Group has demonstrated its strength and resilience, and I am very proud of the energy, agility and innovation of our colleagues around the world that has enabled us to navigate a difficult 2020.

The Board is confident that remuneration at Intertek is aligned to our shareholder interests and carefully designed to support the sustainable delivery of Intertek's TQA customer promise and the clear and powerful differentiated 5x5 growth strategy. I look forward to your support on the Remuneration Policy and Report at our forthcoming AGM.

Yours sincerely,

Gill Rider
Chair of the Remuneration Committee

DIRECTORS' REMUNERATION POLICY REVIEW REPORT

The section below sets out the Remuneration Policy for Executive and Non-Executive Directors, is subject to a binding vote of the shareholders and will, if approved, be effective from the date of the 2021 AGM.

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

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

Our remuneration strategy is to:

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

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

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

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

Remuneration Committee report *Continued*

Remuneration Policy for Directors

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

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

Remuneration Committee report *Continued*

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
ANNUAL INCENTIVE PLAN ('AIP')	To drive the short-term strategy and recognise annual performance against targets which are based on business objectives.	Awards are based on Group annual performance targets, with performance targets normally set annually by the Board. Incentive outturns are normally assessed by the Committee at the year end, taking into account performance against the targets and the underlying performance of the business. The payout at below threshold performance is 0% of maximum, with 25% of the maximum bonus normally payable for threshold performance. Payouts between threshold and maximum (100%) are determined on an annual basis. Details of the payout schedule will be disclosed in the relevant Directors' Remuneration report. Normally, 50% of any incentive is paid in cash and 50% deferred into shares which will vest after a period of three years subject to continued employment. Malus and clawback provisions apply.	The maximum opportunity in respect of a financial year is 200% of salary for each Executive Director. The Committee has the ability to adjust the performance measures if not appropriate in the context of overall performance. The Committee can adjust upwards the incentive outturn (up to the maximum set out above) to recognise very exceptional circumstances or to recognise circumstances that have occurred which were beyond the direct responsibility of the executive and the executive has managed and mitigated the impact of any loss.	The annual incentive will be measured against a range of key Group financial measures. The current intention is that none of the incentive will be subject to non-financial measures or personal performance measures. The Committee, however, retains the discretion to introduce such measures in the future, up to a maximum of 20% of the incentive. Were the Committee to introduce such measures, it would normally consult with the Company's largest institutional shareholders. The stretch targets, when met, reward exceptional achievement and contribution. There is no incentive payout if threshold targets are not met.

Remuneration Committee report *Continued*

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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 2021, the LTIP award will be based on earnings per share, return on invested capital and free cash flow from operations. 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.
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

Remuneration Committee report *Continued*

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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

Changes to the policy table

As set out in the statement from the Committee Chair, there are four key changes to the Remuneration Policy:

- reduction in pensions for the Executive Directors to align with the wider workforce;
- updates to the share ownership guidelines;
- updates to the post-cessation of employment shareholding guidelines; and
- an increase in the maximum award under the LTIP.

Selection of performance metrics

The annual incentive plan is based on performance against a mix of 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 2021 LTIP award is based on earnings per share growth, return on invested capital and free cash flow from operations. The performance metrics align with Intertek's earnings model, which supports delivery of the Company's differentiated strategy, which aims to move the centre of gravity of the Company towards high-growth, high-margin areas in our industry. Earnings per share ensures that there is a clear focus on margin-accretive revenue growth; free cash flow from operations ensures focus on strong cash management; and return on invested capital ensures a focus on disciplined capital management.

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

Terms of incentive awards

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

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

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

The Committee also retains the discretion within the 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.

Remuneration Committee report *Continued*

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 applied in 2020 for both the Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO').

Approach to recruitment and promotions

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

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

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

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

Service contracts for Executive Directors

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

In summary, the contractual provisions are:

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

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

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

Remuneration Committee report *Continued*

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 on Remuneration.

In determining whether an Executive 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 2021.
2. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ended 31 December 2020.
3. The value of pension receivable by the CEO and CFO in 2021 is taken to be 25% 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

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 2020
Andrew Martin	Appointed Chair: 1 January 2021 Appointed to the Board: 26 May 2016 Reappointed: 26 May 2019	One month/15 months
Graham Allan	1 October 2017 Reappointed: 1 October 2020	One month/33 months
Gurnek Bains	1 July 2017 Reappointed: 1 July 2020	One month/30 months
Lynda Clarizio	1 March 2021	One month/36 months from 1 March 2021
Tamara Ingram	18 December 2020	One month/35 months
Dame Louise Makin	1 July 2012 Reappointed: 1 July 2018	One month/6 months
Gill Rider	1 July 2015 Reappointed: 1 July 2018	One month/6 months
Jean-Michel Valette	1 July 2017 Reappointed: 1 July 2020	One month/30 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. Prior to the 2021 AGM, the Committee consulted with key institutional investors on the proposed Remuneration policy and the changes that were being made. The proposed policy reflects the discussions with investors during the consultation process.

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.

ANNUAL REPORT ON REMUNERATION

Committee membership and meeting attendance

The membership of the Committee throughout the year and at the year end was Gill Rider (Committee Chair), Graham Allan, Gurnek Bains and Andrew Martin. Meeting attendance during 2020 is shown below.

Committee members	Scheduled meetings	Meetings attended
Gill Rider (Chair)	6	6
Graham Allan	6	5[1]
Gurnek Bains	6	6
Andrew Martin *(stepped down with effect from 1 Jan 2021)*	6	6

1. Graham Allan was unable to attend one meeting as it was held at very short notice and he had a prior engagement.

The above members were members throughout 2020 and at all times when Directors' remuneration for the year was considered. During 2020, 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 2002. This enabled the Nomination Committee to recommend her appointment as Chair of the Committee which was then approved by the Board.

Since the year end, Andrew Martin has stepped down from the Committee (upon taking up his position as Intertek Chairman) with effect from 1 January 2021.

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 www.intertek.com.

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

Executive Director remuneration

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

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

Wider workforce remuneration and engagement

We also review the remuneration and related policies of the wider workforce to ensure that incentives and rewards align to our purpose, values and culture. 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 incentive structure that we have in place cascades right down through the wider workforce and ensures alignment with the 5x5 strategy. We ensure that we have effective engagement with the wider workforce on the Group's remuneration and related policies through several processes and communication forums including town halls, the Intranet, emails and leadership briefings.

During the year, we reviewed the salary levels for senior management and the determination of the annual incentive payments for 2019. We considered a report on the general market trends that could impact the Group. In addition, due to the pandemic a voluntary salary deferral scheme for management was put in place, running from March to October 2020. This involved a 50% deferral for our Board Members and Executive Vice Presidents, 30% for our Senior Vice Presidents and 20% for management, with approximately 1,200 individuals supporting the business in this way.

Remuneration Committee report *Continued*

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

At the Company's Annual General Meeting ('AGM') on 21 May 2020, the Remuneration Policy was passed with a vote of c.57.1%. Following the 2020 AGM, extensive engagement took place with shareholders and information on the results of that engagement and the proposals being made are outlined in the Chair's letter on pages 105 to 107. The Remuneration Committee would like to thank shareholders that took part in the engagement process and values the feedback and insights it has gained.

In addition, we undertook a review of the Directors' Remuneration report to ensure compliance with Remuneration Reporting Regulations. We discussed the 2020 proxy voting agencies reports and their recommendations issued prior to the 2020 AGM.

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

We undertook, with external advice, a thorough review of the 2020 annual incentive targets, performance measures and the TSR and EPS results to determine the percentage of incentive awards that would vest in 2020.

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 2022. 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 2020, 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 £162,693 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 2020 AGM, a resolution was proposed to shareholders to approve the Remuneration Policy. This resolution received the following votes from shareholders:

	Votes	%
In favour	79,910,934	57.10
Against	60,031,344	42.90[1]
Total	139,942,278	86.71[2]
Withheld	3,063,796	

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

At the 2020 AGM, a resolution was proposed to shareholders to approve the Directors' Remuneration report for the year ended 31 December 2019. This resolution received the following votes from shareholders:

	Votes	%
In favour	139,816,488	97.79
Against	3,158,747	2.21[1]
Total	142,975,235	88.59[2]
Withheld	34,041	

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

Remuneration Committee report *Continued*

Directors' Remuneration Policy - implementation in 2021

There were no deviations from the procedure for the implementation of the policy during 2020.

Elements	Implementation in 2021
Base salary	COVID-19 was an unprecedented global pandemic impacting the world economy and all its stakeholders. Given this backdrop, the CEO recommended to the Committee a 0% salary increase for himself this year. This recommendation was approved, whilst the UK workforce has been granted a yearly salary increase as every year. Base salary for 2021: • André Lacroix: £988,153 • Jonathan Timmis: £525,000 (to be appointed as CFO with effect from 1 April 2021).
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	• 30% reducing by 5% each year for five years 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 - 80% will be based on a matrix based on revenue and adjusted operating profit growth, and 20% will be based on ROIC. 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.

Remuneration Committee report *Continued*

Elements	Implementation in 2021
Long Term Incentive Plan ('LTIP')	• Maximum opportunity for the CEO and CFO: 300% and 200% of base salary, respectively. • Two-year holding period after vesting. • Malus and clawback provisions apply. • Performance metrics for awards being granted in 2021:

Measures	Definition	Threshold (25%)	Maximum (100%)	Commentary
Earnings Per Share ('EPS') (1/3)	Annualised fully diluted, adjusted EPS growth. Measured on a constant currency basis. Per the definition used for the Group's KPIs on page 24.	4% p.a.	10% p.a.	Compound annual growth rate targets.
Adjusted Free Cash Flow (1/3)	Free cash flow generated from operations less net capital expenditure, net interest paid and income tax paid. Adjusted for separately disclosed items. Measured on a constant currency basis. Per the definition used on page 53.	£977m	£1,057m	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 on page 24.	20%	24%	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.

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 2021 £'000	From 1 January 2020 £'000
Chairman	**350**	320
Non-Executive Director	**62**	62
Senior Independent Non-Executive Director	**12**	12
Committee membership		
Chair Audit Committee	**20**	20
Chair Remuneration Committee	**15**	15
Chair Nomination Committee	**-**	-
Member Audit Committee	**10**	10
Member Remuneration Committee	**10**	10
Member Nomination Committee	**5**	5

Pursuant to the policy of aligning Directors' interests with those of shareholders, £10,000 of the fees paid to the Non-Executive Directors and £35,000 (2020: £30,000) 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 performance metrics. 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 113, 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.

Code requirement	Intertek approach
Alignment with culture Incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy	As set out on page 107, the Remuneration Policy at Intertek has been set to be appropriate for the nature, size and complexity of the Group, encourages our employees in the development of their careers and is aligned to the Company's strategy and is in the best interests of the Company and its stakeholders. It is directed to deliver continued sustainable profitable growth. Our remuneration strategy is to: • align and recognise the individual's contribution to help us succeed in achieving our 5x5 differentiated strategy for sustainable growth; • attract, engage, motivate and retain the best available people by positioning total pay and benefits to be competitive in the relevant market and in line with the ability of the business to pay; • reward people equitably for the size of their responsibilities and performance; and • motivate high performers to increase shareholder value and share in the Group's success through well designed and appropriately calibrated incentive schemes.

The following sections on pages 120 to 128 have been audited.

Directors' remuneration earned in 2020 (audited)

The table below and on the following page summarises Directors' remuneration received for 2020 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[1] £'000	Benefits[2] £'000	BIK arising from performance of duties £'000	Annual incentive[3] £'000	Long-term incentives £'000	Pension[6] £'000	Total £'000	Total fixed £'000	Total variable £'000
André Lacroix	**2020**	**974**	**94**	**3**	**-**	**1,215**[4]	**292**	**2,578**	**1,363**	**1,215**
	2019	964	141	14	1,014	2,564[5]	289	4,986	1,408	3,578
Ross McCluskey	**2020**	**477**	**28**	**1**	**-**	**58**[4]	**24**	**588**	**530**	**58**
	2019	475	28	2	497	62[5]	24	1,088	529	559

1. The Directors agreed to a 50% salary deferral for six months from 1 April 2020 and there was a six month delay in the implementation of the 2020 annual salary increase.
2. Benefits include allowances in lieu of company car, annual medicals, life assurance and private medical insurance, and the use of a car and driver for the CEO (£24,473).
3. This relates to the payment of the annual incentive and Deferred Share Award for the financial year end. Further details of this payment are set out on the following pages.
4. This relates to the 2018 LTIP award which is still due to vest at the time of writing. The value shown is based on the share price of £59.07, which was the average mid-market share price in the fourth quarter of 2020. Further details on performance are set out on page 123. Of the total amount, 19.36% (£197,022 and £9,379 for André and Ross, respectively) reflects the share price appreciation in the period. There was no discretion exercised in respect of the awards.
5. This figure has been updated to show the actual value of the vested LTIP share awards based on the share price of £46.62, the share price at vesting in March 2020, as the 2019 Report included figures based on the share price for the final quarter of 2019 (£54.09).
6. Neither of the Executive Directors had a prospective entitlement to a defined benefit pension.

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
Sir David Reid *(retired 31 Dec 2020)*	**2020**	**320**	**25**	**3**	**348**
	2019	320	25	9	354
Graham Allan	**2020**	**89**	**-**	**-**	**89**
	2019	89	-	-	89
Gurnek Bains	**2020**	**77**	**-**	**-**	**77**
	2019	77	-	-	77
Tamara Ingram	**2020[4]**	**2**	**-**	**-**	**2**
	2019	n/a	n/a	n/a	n/a
Dame Louise Makin	**2020**	**77**	**-**	**-**	**77**
	2019	77	-	-	77
Andrew Martin	**2020**	**92**	**-**	**-**	**92**
	2019	92	-	-	92
Gill Rider	**2020**	**77**	**-**	**-**	**77**
	2019	77	-	1	78
Jean-Michel Valette	**2020**	**72**	**-**	**2**	**74**
	2019	72	-	5	77
Lena Wilson	**2020**	**77**	**-**	**1**	**78**
	2019	77	-	4	81

1. Pursuant to the policy of aligning Directors' interests with those of shareholders, £10,000 of the fees paid to the Non-Executive Directors and £30,000 of the fees paid to the Chairman were used to purchase shares in the Company.
2. With respect to the Non-Executive Directors, other than Sir David Reid who receives a car allowance of £25,000 per annum, no other benefits are provided.
3. Certain expenses relating to ensuring that the Directors were in a position in order to undertake the performance of their duties (not included in the Benefits column above) such as travel to and from Company meetings, related accommodation and completion of UK tax returns for overseas Directors have been classified as taxable. In such cases, the Company will ensure that the Director is not out of pocket by settling the related tax via the PSA. In line with current regulations, these taxable benefits have been disclosed and are shown in the BIK arising from performance of duties column. The figures shown are the cost of the taxable benefit.
4. The 2020 fees for Tamara Ingram relate to the period from 18 December 2020, the date she was appointed to the Board.

Annual incentive (audited)

The annual incentive for 2020 was based solely on financial measures:

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

Overview of the matrix (80% of the award)

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

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

The Company's performance resulted in a Group annual incentive payout of 0.0% of maximum opportunity. Performance of individual components is shown below.

2020 Company performance against annual incentive targets (at 2019 constant currency)

Financial measures	% Weighting	2020 Threshold	2020 Target[2]	2020 Maximum	2020 Actual	Achieved[3]	Weighted achievement
Total external revenue[1]		£2,998m	£3,059m	£3,120m	**£2,790m**		
Adjusted operating profit[1]		£527m	£543m	£559m	**£435m**		
Revenue/profit matrix	80%					0.0%	0.0%
Return on invested capital[1]	20%	23.6%	23.8%	24.0%	**21.8%**	0.0%	0.0%
Total	**100%**						**0.0%**

1. Calculated using constant 2019 exchange rates. Adjusted results exclude the impact of Separately Disclosed Items.
2. Target is equivalent to 50% payout.
3. Percentage achieved against maximum targets.

Remuneration Committee report *Continued*

For 2020, the annual incentive outturn in cash and shares is as follows:

	Payable in cash £'000	Deferred Share Award[1] £'000
André Lacroix	0	0
Ross McCluskey	0	0

1. These awards vest three years after the date of grant, subject to continued employment or good leaver status.

Vesting of LTIP Share Awards (audited)

The LTIP Share Awards granted in 2018 are subject to performance for the three-year period ended 31 December 2020.

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

Metric	Performance condition	Threshold target	Stretch target	Actual performance	Vesting level
Earnings Per Share (50%)	Annualised fully diluted, adjusted EPS growth, calculated on the basis of foreign exchange rates adopted at the start of the performance targets	4%	10%	(1.6%)	0.00%
Total Shareholder Return (50%)	Relative TSR performance against the FTSE 31 to 130 (excluding banks and investment trusts)	Median	Upper quartile	Between median and upper quartile[1]	83.00%
Total vesting					**41.50%**

1. TSR performance calculation was calculated by Deloitte; Intertek was ranked 27th of the 88 members of the comparator group of companies.

The LTIP Share Awards granted in 2018 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	47,037	2,522	49,559[2]	(28,993)	20,566	1,215
Ross McCluskey	2,244	117	2,361[2]	(1,382)	979	58
Total	**49,281**	**2,639**	**51,920**	**(30,375)**	**21,545**	**1,273**

1. The value shown is based on the share price of £59.07 which is based on the average mid-market share price in the fourth quarter of 2020.
2. Due to vest in March 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, as the business performance merited the award.

Remuneration Committee report *Continued*

LTIP Share Awards granted during the year (audited)

The following LTIP Share Awards were granted to the Executive Directors on 29 May 2020:

Executive Director	Type 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	250% of salary	£53.94	44,900	2,422	25%	Three years to 31 December 2022
Ross McCluskey	LTIP Share Award	200% of salary	£53.94	17,612	950	25%	

The LTIP Share Awards granted in 2020 are conditional share awards subject to performance for the three-year period ending 31 December 2022. 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.

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 2019 Annual Report and Accounts.	4%	10%
Return on Invested Capital (33.3%)	Cumulative adjusted operating profits less adjusted tax, divided by cumulative invested capital (being net assets excluding tax balances, net financial debt and net pension liabilities) in each of the three years, measured on a constant currency basis.	20%	24%
Adjusted Free Cash Flow (33.3%)	Free cash flow generated from operations less net capital expenditure, net interest paid and income tax paid adjusted for separately disclosed items and is measured on a constant currency basis. Cumulative targets measured over three years.	£1.126m	£1.206m

Deferred Share Awards granted during the year (audited)

The following Deferred Share Awards were granted to the Executive Directors on 13 March 2020:

Executive Director	Type of award	Basis of award granted	Award price £	Number of shares over which award was granted	Face value of award £'000	Vesting date subject to continued employment or good leaver status
André Lacroix	Deferred Share Award	Deferral of 2019 bonus	£48.126	10,532	506,863	13 March 2023
Ross McCluskey	Deferred Share Award	Deferral of 2019 bonus	£48.126	5,163	248,475	13 March 2023

The Deferred Share Awards granted in 2020 are conditional share awards subject to continued employment, with a three-year vesting period. 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*

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 2019 Number of shares	Granted in 2020 Number of shares	Award price[1] £	Dividend accrued in 2020[2]	Vested in 2020 Number of shares	Lapsed in 2020 Number of shares	31 December 2020 Number of shares	Date of vesting
André Lacroix									
2017	LTIP Share[3,4]	58,636	-	38.92	-	(52,420)	(6,216)	-	Mar 2020
	Dividend	2,879	-	-	-	(2,574)	(305)	-	
	Deferred Share[3]	16,474	-	38.92	-	(16,474)	-	-	Mar 2020
	Dividend	807	-	-	-	(807)	-	-	
2018	LTIP Share[4,5]	47,037	-	49.49	-	-	-	47,037	Mar 2021
	Dividend	1,632	-	-	890	-	-	2,522	
	Deferred Share[5]	18,815	-	49.49	-	-	-	18,815	Mar 2021
	Dividend	652	-	-	355	-	-	1,007	
2019	LTIP Share[4,6]	50,117	-	47.378	-	-	-	50,117	Mar 2022
	Dividend	963	-	-	950	-	-	1,913	
	Deferred Share[6]	15,135	-	47.378	-	-	-	15,135	Mar 2022
	Dividend	290	-	-	286	-	-	576	
2020	LTIP Share[7,8]	-	44,900	53.94	-	-	-	44,900	May 2023
	Dividend	-	-	-	250	-	-	250	
	Deferred Share[8]	-	10,532	48.126	-	-	-	10,532	Mar 2023
	Dividend	-	-	-	199	-	-	199	
Total		**213,437**	**55,432**		**2,930**	**(72,275)**	**(6,521)**	**193,003**	

Remuneration Committee report *Continued*

	Type of Award	31 December 2019 Number of shares	Granted in 2020 Number of shares	Award price[1] £	Dividend accrued in 2020[2]	Vested in 2020 Number of shares	Lapsed in 2020 Number of shares	31 December 2020 Number of shares	Date of vesting
Ross McCluskey									
2017	LTIP Share[3,4]	2,826	-	38.92	-	(2,526)	(300)	-	Mar 2020
	Dividend	135	-	-	-	(121)	(14)	-	
	Deferred Share[3]	715	-	38.92	-	(715)	-	-	Mar 2020
	Dividend	34	-	-	-	(34)	-	-	
2018	LTIP Share[4,5]	2,244	-	49.49	-	-	-	2,244	Mar 2021
	Dividend	75	-	-	42	-	-	117	
	Deferred Share[5]	2,244	-	49.49	-	-	-	2,244	Mar 2021
	Dividend	75	-	-	42	-	-	117	
2019	LTIP Share[4,6]	20,051	-	47.378	-	-	-	20,051	Mar 2022
	Dividend	385	-	-	379	-	-	764	
	Deferred Share[6]	3,890	-	47.378	-	-	-	3,890	Mar 2022
	Dividend	74	-	-	73	-	-	147	
2020	LTIP Share[7,8]	-	17,612	53.94	-	-	-	17,612	May 2023
	Dividend	-	-	-	98	-	-	98	
	Deferred Share[8]	-	5,163	48.126	-	-	-	5,163	Mar 2023
	Dividend	-	-	-	97	-	-	97	
Total		**32,748**	**22,775**		**731**	**(3,396)**	**(314)**	**52,544**	

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 20 March 2020, on which date the closing market price of shares was £44.39, having been granted on 20 March 2017, on which date the closing market price was £39.17.
4. 50% of the LTIP Share Awards are subject to EPS and 50% are subject to relative TSR. The EPS threshold level was set at 4% per annum and the upper target at 10% per annum. Under the TSR condition, the Company's TSR ranking is measured relative to the FTSE index members 31 to 130 (excluding banks and investment trusts).
5. Awards will vest on 21 March 2021, subject to continued employment or good leaver status, having been granted on 21 March 2018, on which date the closing market price was £49.55. Awards were made at a share price of £49.49 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
6. Awards will vest on 21 March 2022, subject to continued employment or good leaver status, having been granted on 21 March 2019, on which date the closing market price was £47.378 Awards were made on a share price of £49.49, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant
7. 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 as detailed further on page 124 of this report. Awards will vest on 29 May 2023, subject to continued employment or good leaver status, having been granted on 29 May 2020, on which date the closing market price was £55.06. Awards were made at a share price of £53.94 being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant. The LTIP shares will be subject to an additional two-year holding period post-vesting.
8. Awards will vest on 13 March 2023, subject to continued employment or good leaver status, having been granted on 13 March 2020 on which date the closing market price was £45.36. Awards were made at a share price of £48.126, being the share price obtained by averaging the closing share prices for the five dealing days before the date of grant

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 circumstances 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 2019	Beneficially owned at 31 December 2020[1]	Outstanding LTIP Share Awards[2]	Outstanding Deferred Shares[3]	Shareholding as a % of salary[4]	Shareholding Guideline met
André Lacroix[5]	394,230	**432,535**	146,739	46,264	2,472	Yes
Ross McCluskey[6]	3,513	**5,312**	40,886	11,658	62	No
Sir David Reid	6,595	**6,942**	-	-	n/a	n/a
Graham Allan	233	**355**	-	-	n/a	n/a
Gurnek Bains	235	**357**	-	-	n/a	n/a
Tamara Ingram[7]	0	**0**	-	-	n/a	n/a
Dame Louise Makin	1,068	**1,179**	-	-	n/a	n/a
Andrew Martin	363	**474**	-	-	n/a	n/a
Gill Rider	632	**754**	-	-	n/a	n/a
Jean-Michel Valette	10,237	**10,370**	-	-	n/a	n/a
Lena Wilson	1,063	**1,182**	-	-	n/a	n/a

1. No changes in the above Directors' interests have taken place between 31 December 2020 and 2 March 2021.
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 2020 based on a share price of £56.48 as at 31 December 2020, being the last trading day, and applied to the annual salary for 2020.
5. Appointed 16 May 2015 with the guideline to hold 200% of base salary in shares by 16 May 2020, which has been exceeded.
6. Joined Intertek in August 2016 with the guideline to hold 35% of base salary in shares by August 2021. This was increased on his appointment to Chief Financial Officer on 22 August 2018 to 200% to be achieved by August 2023
7. Appointed 18 December 2020.

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. Further consideration will be given over the course of the year on how these will be enforced in practice including utilising the Company nominee.

Remuneration Committee report *Continued*

Payments to past Directors (audited)

Edward Leigh received 17,004 shares on 20 March 2020 which vested at a share price of £46.623. These are a tranche of awards vesting under the good leaver status granted to Edward on leaving the Company and he has a further two tranches yet to vest. The shares were granted in March 2017 on which date the closing market price was £39.17 per share. The proceeds include a sum of £130,981.81 which has resulted from the increase in the value of shares from the grant price of £38.92 to the vesting price of £46.623. These vested in line with the LTIP awards vesting for other Executives in respect of the performance period ending on 31 December 2019 (89.4%) of maximum.

Payments for loss of office (audited)

Sir David Reid received no payment on ceasing to be the Chairman of the Company and no payments were made to any Director of the Company for loss of office.

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 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 %	Incentive %	Benefits %
CEO (André Lacroix[1])	1.0	(24.2)	(12.4)
CFO (Ross McCluskey)	0.5	12.2	(2.5)
Average based on Intertek's UK employees[2]	3.2	(9.9)	16.45
Chairman *(to 31 Dec 2020)* (Sir David Reid)	0	n/a	(25.1)
Graham Allan	0	n/a	131
Gurnek Bains	0	n/a	(100)
Tamara Ingram *(from 18 Dec 2020)*	n/a	n/a	n/a
Dame Louise Makin	0	n/a	(59.3)
Andrew Martin	0	n/a	n/a
Gill Rider	0	n/a	(63.5)
Lena Wilson	0	n/a	(77.2)
Jean-Michel Valette	0	n/a	(48.9)

1. The percentage change for incentive and benefits for André Lacroix are based on actual amounts earned in 2019 and 2020.
2. The Intertek UK employee group has been selected as the most appropriate comparator group, due to the diverse nature of the Group's global employee population.

CEO pay ratio

The following table sets out the CEO's pay ratio, comparing the CEO's total remuneration against that of all of its UK employees. The table below shows the required information for 2019 and 2020. The reduction in the 2020 CEO's pay ratios compared with 2019 is largely due to two factors: 0% of annual incentive was earned in 2020 and the LTIP vesting percentage reduced to 41.5%.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020 CEO	**Option B**	**99:1**	**75:1**	**53:1**
2019 CEO[1]	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	973,621	2,577,847
UK employee 25th percentile	24,708	26,155
UK employee median	31,967	34,252
UK employee 75th percentile	41,094	48,988

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 2020 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 2020.

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

- For the three employees around the 25th percentile: Ratios ranged from 97.0:1 to 100.0:1, with an arithmetic mean of 98.6:1.
- For the three employees around the 50th percentile: Ratios ranged from 74.9:1 to 76.0:1, with an arithmetic mean of 75.3:1.
- For the three employees around the 75th percentile: Ratios ranged from 48.6:1 to 55.2:1, with an arithmetic mean of 52.8:1.

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

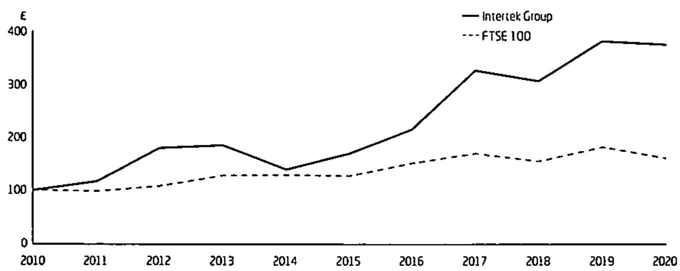
The table below shows the movement in spend on staff costs between the 2019 and 2020 financial years, compared to dividends.

	2020 £m	2019 £m	% change
Staff costs[1]	**1,220.4**	1,314.5	(7.2%)
Dividends	**170.4**	163.2	4.4%

1. Staff costs are shown at actual rates. At constant currency, staff costs decreased by 5.7%, reflecting a 1.5% 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.



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.

	2011	2012	2013	2014	W Hauser 2015	A Lacroix 2015	2016	2017	2018	2019	2020
Total remuneration £'000	4,554	5,298	3,195	2,011	876	1,824	5,452[1]	11,417[1]	6,223	4,986	**2,578**
Annual incentive (%)	92.3	83.1	34.6	38.4	90.6	96.6	70.2	100.0	75.5	52.3	**0.0**
LTIP award vesting (%)	100.0	100.0	81.8	25.2	-	-	-	90.87	98.32	89.40	**41.50**

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.

Remuneration Committee report *Continued*

The graph below shows the total remuneration of the Intertek CEO over the ten-year period from 2011 to 2020.

1. Shows W Hauser remuneration based on period to 15 May 2015.
2. Shows A Lacroix remuneration for the period from appointment as CEO on 16 May 2015.
3. LTIP (award share price) shows the proportion of the LTIP value received which resulted from the share price on the award date.
4. LTIP (share price increase) shows the proportion of the LTIP value received which resulted from increase in the share price over the vesting period, which in 2020 was £556,518.
5. Mirror Awards - as reported in previous years, at the time of joining, the Company had bought out André's existing share awards with his previous employer in two tranches of 91,575 and 91,574 shares vesting in 2016 and 2017 each at an award price of £28. The tranche that vested in 2017 vested at a share price of £42.95 which represents an increase in our Company share price over the two years of over 53%. These awards were one-off awards and are not part of his ongoing remuneration.
6. Benefits - years 2018, 2019 and 2020 also include benefits in kind ('BIK') arising from performance of duties and will continue to include any BIK values in future years.

Approval of the Directors' Remuneration report

The Directors' Remuneration report, including both the Directors' Remuneration Policy review report and the Annual report on remuneration, was approved by the Board on 1 March 2021.

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

The Board has prepared a Strategic report (pages 2 to 71) which provides an overview of the development and performance of the Company's business during the year ended 31 December 2020 and its position at the end of that year, and which covers likely future developments in the business of the Company and Group.

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

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

Topic	Location and page
1. Amount of interest capitalised	Not applicable
2. Any information required by LR 9.2.18 R (Publication of unaudited financial information)	Not applicable
3. Details of long-term incentive schemes	Directors' Remuneration report (pages 115 to 130)
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 132)
10. Any contracts for the provision of services by a controlling shareholder	Not applicable
11. Shareholder waivers of dividends	Other statutory information (page 132)
12. Shareholder waivers of future dividends	Other statutory information (page 132)
13. Agreements with controlling shareholders	Not applicable

Directors

The names of the members of the Board, as at the date of this report, and their biographical details are set out on pages 74 to 76. During the year, Tamara Ingram was appointed as a Non-Executive Director with effect from 18 December 2020 and Sir David Reid stepped down as Chairman effective 31 December 2020. In 2021, Andrew Martin was appointed as Chairman on 1 January 2021, Lena Wilson stepped down from the Board on 31 January 2021 and Lynda Clarizio was appointed as a Non-Executive Director of the Board on 1 March 2021.

Articles of Association

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

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

Directors' indemnities

The Board believes that it is in the best interests of the Group to attract and retain the services of the most able and experienced Directors by offering competitive terms of engagement, including the granting of indemnities on terms consistent with the applicable statutory provisions. In accordance with the Articles of Association, the Company has executed deed polls of indemnity for the benefit of 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 2020, 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.

Other statutory information *Continued*

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 Market Abuse Regulation, are disclosed in the Remuneration report on pages 114, 125 to 127.

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 (2019: 71.6p) making a full-year dividend of 105.8p per ordinary share (2019: 105.8p) which will, if approved at the AGM, be paid on 18 June 2021 to shareholders on the register at the close of business on 28 May 2021.

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

The holders of ordinary shares are entitled to receive dividends when declared, receive the Company's Annual Report and Accounts, attend and speak at general meetings of the Company, appoint proxies and exercise voting rights. A waiver of dividend exists in respect of 313,270 shares held by the Intertek Group Employee Share Ownership Trust ('Trust') as at 31 December 2020. Details of the shares purchased by the Trust during the year are outlined within note 15 to the financial statements. There are no restrictions on the transfer of ordinary shares in the Company.

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

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

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

Allotment of shares
At the AGM held in 2020, 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 2020, the Directors were also empowered by the shareholders to allot equity securities, up to 5% of the Company's issued share capital, for cash under section 570 of the Act. It is intended that this authority be renewed, at the forthcoming AGM.

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

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

Significant agreements
The Company is not a party to significant agreements which take effect, alter or terminate upon a change of control following a takeover bid apart from a number of credit facilities with banks together with certain senior notes issued by the Company. The total amount owing under such credit facilities and senior note agreements as at 31 December 2020 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 1 March 2021, 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 interest disclosed under DTR 5 since the year end.

Other statutory information *Continued*

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	7.35%
Fiera Capital Corporation	-	9,553,525	5.92%	-	-	9,553,525	5.92%
Mawer Investment Management Ltd	8,110,417	-	5.03%	-	-	8,110,417	5.03%
Marathon Asset Management LLP	-	8,037,714	4.98%	-	-	8,037,714	4.98%
MFS Investment Management	-	8,004,731	4.96%	-	-	8,004,731	4.96%
Fundsmith LLP	7,917,434	-	4.90%	-	-	7,917,434	4.90%

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

Employment
Information about the Group's employees, employment of disabled persons policies and employment practices is contained within our Sustainability section in the Strategic report on pages 30 and 31. Information on the employee share schemes is in the Directors' Remuneration report and in note 14 to the financial statements. The steps by the Company taken to inform, engage and consult with employees is outlined in pages 85 to 88 and in the Section 172 statement on page 67.

Streamlined Energy and Carbon Reporting ('SECR') and Greenhouse Gas emissions ('GHG')
Information about the Group's GHGs and compliance with the SECR regulations is given in our Sustainability section in the Strategic report on pages 35 to 38.

Political donations
At the AGM in 2020, 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 (2019: £nil). It is the Company's policy not, directly or through any subsidiary, to make what are commonly regarded as donations to any political party.

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

Branches
The Company, through various subsidiaries has established branches in a number of different countries in which the business operates. The list of related undertakings is available on pages 176 to 183.

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

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

Annual General Meeting
The Notice of AGM, which is to be held on 26 May 2021, is available for download from the Company's website at www.intertek.com/investors. The Notice details the business to be conducted at the meeting and includes information concerning the deadlines for submitting proxy forms and in relation to voting rights.

Statement of disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the 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 that the Company's auditor is aware of that information.

Statement of Directors' responsibilities
in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report 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 international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Directors have prepared 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union 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 also 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 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 and 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, 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, financial position and profit of the Company; and
- the Strategic report and Directors' report include 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.

André Lacroix
Chief Executive Officer
1 March 2021

Registered Office
33 Cavendish Square
London
W1G 0PS

Registered Number: 04267576

Consolidated income statement

For the year ended 31 December	Notes	Adjusted results £m	Separately Disclosed Items* £m	Total 2020 £m	Adjusted results £m	Separately Disclosed Items* £m	Total 2019 £m
Revenue	2	**2,741.7**	**-**	**2,741.7**	2,987.0	-	2,987.0
Operating costs		(2,314.0)	(49.5)	(2,363.5)	(2,462.8)	(38.4)	(2,501.2)
Group operating profit/(loss)	2	**427.7**	**(49.5)**	**378.2**	524.2	(38.4)	485.8
Finance income	14	1.1	-	1.1	1.2	-	1.2
Finance expense	14	(36.0)	0.6	(35.4)	(40.6)	(1.3)	(41.9)
Net financing costs		**(34.9)**	**0.6**	**(34.3)**	(39.4)	(1.3)	(40.7)
Profit/(loss) before income tax		**392.8**	**(48.9)**	**343.9**	484.8	(39.7)	445.1
Income tax (expense)/credit	6	(100.2)	18.9	(81.3)	(118.8)	7.3	(111.5)
Profit/(loss) for the year	2	**292.6**	**(30.0)**	**262.6**	366.0	(32.4)	333.6
Attributable to:							
Equity holders of the Company		277.3	(30.0)	247.3	345.5	(32.4)	313.1
Non-controlling interest	20	15.3	-	15.3	20.5	-	20.5
Profit/(loss) for the year		**292.6**	**(30.0)**	**262.6**	366.0	(32.4)	333.6
Earnings per share**							
Basic	7			**153.6p**			194.5p
Diluted	7			**152.4p**			192.6p

* 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	2020 £m	2019 £m
Profit for the year	2	**262.6**	333.6
Other comprehensive income			
Remeasurements on defined benefit pension schemes	16	0.8	(3.2)
Tax on comprehensive income items	6	(3.1)	0.2
Items that will never be reclassified to profit or loss		**(2.3)**	(3.0)
Foreign exchange translation differences of foreign operations		(53.9)	(72.4)
Net exchange gain/(loss) on hedges of net investments in foreign operations	14	3.7	31.2
Gain on fair value of cash flow hedges		0.3	0.7
Items that are or may be reclassified subsequently to profit or loss		**(49.9)**	(40.5)
Total other comprehensive (expense)/income for the year		**(52.2)**	(43.5)
Total comprehensive income for the year		**210.4**	290.1
Total comprehensive income for the year attributable to:			
Equity holders of the Company		195.4	271.8
Non-controlling interest	20	15.0	18.3
Total comprehensive income for the year		**210.4**	290.1

Consolidated statement of financial position

As at 31 December	Notes	2020 £m	2019 £m
Assets			
Property, plant and equipment	8	585.8	644.2
Goodwill	9	835.9	859.8
Other intangible assets	9	279.7	302.4
Investments in associates		-	-
Deferred tax assets	6	48.6	51.9
Total non-current assets		**1,750.0**	1,858.3
Inventories*		15.5	19.2
Trade and other receivables*	11	621.2	685.0
Cash and cash equivalents	14	203.9	227.4
Current tax receivable		24.5	28.5
Total current assets		**865.1**	960.1
Total assets		**2,615.1**	2,818.4
Liabilities			
Interest-bearing loans and borrowings	14	(31.0)	(238.9)
Current taxes payable		(53.8)	(57.2)
Lease liabilities	14	(61.4)	(61.7)
Trade and other payables*	12	(576.2)	(518.0)
Provisions*	13	(28.8)	(24.2)
Total current liabilities		**(751.2)**	(900.0)
Interest-bearing loans and borrowings	14	(592.8)	(617.9)
Lease liabilities	14	(162.8)	(184.3)
Deferred tax liabilities	6	(59.7)	(68.2)
Net pension liabilities	16	(12.1)	(13.4)
Other payables*	12	(26.1)	(29.2)
Provisions*	13	(7.4)	(20.1)
Total non-current liabilities		**(860.9)**	(933.1)
Total liabilities		**(1,612.1)**	(1,833.1)
Net assets		**1,003.0**	985.3

As at 31 December	Notes	2020 £m	2019 £m
Equity			
Share capital	15	1.6	1.6
Share premium		257.8	257.8
Other reserves		(80.8)	(31.2)
Retained earnings		796.4	727.7
Total equity attributable to equity holders of the Company		**975.0**	955.9
Non-controlling interest	20	28.0	29.4
Total equity		**1,003.0**	985.3

* Working capital of negative £4.0m (2019: positive £100.7m) comprises the asterisked items in the above statement of financial position less refundable deposits aged over 12 months of £2.2m (2019: £12.0m).

The financial statements on pages 135 to 183 were approved by the Board on 1 March 2021 and were signed on its behalf by:

André Lacroix
Chief Executive Officer

Ross McCluskey
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December	Notes	Share capital £m	Share premium £m	Other reserves: Translation reserve £m	Other reserves: 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							
At 1 January 2019		1.6	257.8	1.7	5.4	588.3	854.8	34.3	889.1
Total comprehensive income/(expense) for the year									
Profit		-	-	-	-	313.1	313.1	20.5	333.6
Other comprehensive income/(expense)		-	-	(39.0)	0.7	(3.0)	(41.3)	(2.2)	(43.5)
Total comprehensive income/(expense) for the year		-	-	(39.0)	0.7	310.1	271.8	18.3	290.1
Transactions with owners of the Company recognised directly in equity									
Contributions by and distributions to the owners of the Company									
Dividends paid	15	-	-	-	-	(163.2)	(163.2)	(19.1)	(182.3)
Adjustment arising from changes in non-controlling interest	20	-	-	-	-	4.1	4.1	(4.1)	-
Purchase of own shares	15	-	-	-	-	(23.1)	(23.1)	-	(23.1)
Tax paid on Share Awards vested*	17	-	-	-	-	(11.6)	(11.6)	-	(11.6)
Equity-settled transactions	17	-	-	-	-	21.9	21.9	-	21.9
Income tax on equity-settled transactions	6	-	-	-	-	1.2	1.2	-	1.2
Total contributions by and distributions to the owners of the Company		-	-	-	-	(170.7)	(170.7)	(23.2)	(193.9)
At 31 December 2019		1.6	257.8	(37.3)	6.1	727.7	955.9	29.4	985.3

* 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 2020		**1.6**	**257.8**	**(37.3)**	**6.1**	**727.7**	**955.9**	**29.4**	**985.3**
Total comprehensive (expense)/income for the year									
Profit		-	-	-	-	247.3	247.3	15.3	262.6
Other comprehensive (expense)/income		-	-	(49.9)	0.3	(2.3)	(51.9)	(0.3)	(52.2)
Total comprehensive (expense)/income for the year		**-**	**-**	**(49.9)**	**0.3**	**245.0**	**195.4**	**15.0**	**210.4**
Transactions with owners of the Company recognised directly in equity									
Contributions by and distributions to the owners of the Company									
Dividends paid	15	-	-	-	-	(170.4)	(170.4)	(18.6)	(189.0)
Adjustment arising from changes in non-controlling interest	20	-	-	-	-	(2.2)	(2.2)	2.2	-
Purchase of own shares	15	-	-	-	-	(12.2)	(12.2)	-	(12.2)
Tax paid on Share Awards vested*	17	-	-	-	-	(8.5)	(8.5)	-	(8.5)
Equity-settled transactions	17	-	-	-	-	17.7	17.7	-	17.7
Income tax on equity-settled transactions	6	-	-	-	-	-	-	-	-
IFRS 16 effects of deferred tax		-	-	-	-	(0.7)	(0.7)	-	(0.7)
Total contributions by and distributions to the owners of the Company		**-**	**-**	**-**	**-**	**(176.3)**	**(176.3)**	**(16.4)**	**(192.7)**
At 31 December 2020		**1.6**	**257.8**	**(87.2)**	**6.4**	**796.4**	**975.0**	**28.0**	**1,003.0**

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

Consolidated statement of cash flows

For the year ended 31 December	Notes	2020 £m	2019 £m
Cash flows from operating activities			
Profit for the year	2	262.6	333.6
Adjustments for:			
Depreciation charge	8	156.6	156.2
Amortisation of software	9	17.4	15.3
Amortisation of acquisition intangibles	9	28.1	29.1
Equity-settled transactions	17	17.7	21.9
Net financing costs	14	34.3	40.7
Income tax expense	6	81.3	111.5
Profit on disposal of subsidiary/associate		-	(1.8)
(Profit) on disposal of property, plant, equipment and software		(0.9)	(0.9)
Operating cash flows before changes in working capital and operating provisions		597.1	705.6
Change in inventories		3.5	(1.5)
Change in trade and other receivables		52.9	(25.6)
Change in trade and other payables		36.8	40.7
Change in provisions		(3.1)	(1.9)
Special contributions into pension schemes	16	(2.0)	(2.0)
Cash generated from operations		685.2	715.3
Interest and other finance expense paid		(34.8)	(40.7)
Income taxes paid		(91.6)	(111.8)
Net cash flows generated from operating activities*		558.8	562.8
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		7.6	2.5
Interest received*	14	1.1	1.2
Acquisition of subsidiaries, net of cash acquired	10	-	(16.9)
Consideration (paid) in respect of prior year acquisitions		(0.5)	(0.6)
Sale of associate		-	2.1
Acquisition of property, plant, equipment and software*		(79.8)	(116.8)
Net cash flows used in investing activities		(71.6)	(128.5)

For the year ended 31 December	Notes	2020 £m	2019 £m
Cash flows from financing activities			
Purchase of own shares	15	(12.2)	(23.1)
Tax paid on share awards vested		(8.5)	(11.6)
Drawdown of borrowings		279.9	110.0
Repayment of borrowings		(507.1)	(221.3)
Repayment of lease liabilities*		(72.0)	(69.7)
Purchase of non-controlling interest		-	(5.2)
Dividends paid to non-controlling interest	20	(18.6)	(19.1)
Equity dividends paid		(170.4)	(163.2)
Net cash flow used in financing activities		(508.9)	(403.2)
Net (decrease)/increase in cash and cash equivalents	14	(21.7)	31.1
Cash and cash equivalents at 1 January	14	213.0	203.2
Exchange adjustments	14	(7.9)	(21.3)
Cash and cash equivalents at 31 December	14	183.4	213.0

The notes on pages 141 to 183 are an integral part of these consolidated financial statements.

Cash outflow relating to Separately Disclosed Items was £19.9m for year ended 31 December 2020 (2019: £15.3m).

Free cash flow of £415.7m (2019: £380.0m) 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 company incorporated in England & Wales and domiciled in the UK.

The Group financial statements as at and for the year ended 31 December 2020 consolidate those of the Company and its subsidiaries (together referred to as the 'Group') and include the Group's interest in associates. The Group financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRSs') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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 184 to 188.

Significant new accounting policies

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

Changes in accounting policies

The accounting policies set out in these financial statements have been applied consistently to all years presented. There are no new accounting standards that are effective for annual periods beginning on or after 1 January 2020 that have a material effect on the consolidated financial statements of the Group. There are no accounting standards that are issued but not yet effective that are expected to have a material effect on the consolidated financial statements of the Group.

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

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. 2020 was an unprecedented year and the financial impact was managed with a resilient revenue performance, robust margin and strong cash generation.

The Board has reviewed the Group's financial forecasts up to 31 December 2022 to assess both liquidity requirements and debt covenants. The Group's financial forecasts, which have been updated for the expected continued impact of COVID-19, show a recovery in 2021 with:

- all of our Products business lines other than Transportation Technologies delivering YoY revenue growth;
- Trade division revenues being broadly flat with 2020; and
- revenue in our Resources divisions forecast to be below 2020.

In addition, the Group's financial forecasts for 2021 and 2022, and the related liquidity position and forecast compliance with debt covenants, have been sensitised for a severe decline in economic conditions (including an illustrative sensitivity scenario of a reduction of 50% to the base profit forecasts and the corresponding impact to cash flow forecasts in each of these years due to a greater than expected impact of COVID-19). 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 50% stress testing 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 2020 was £494.0m (2019: £326.2m). As disclosed in Note 14 of the financial statements, all the current borrowing facilities are expected to be available at 31 December 2022, except for US$15m of senior notes that are due to be repaid in July 2021 and US$140m of senior notes that are due to be repaid in January 2022, and our models forecast these to be repaid using current facilities. 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 2022, both base case and stressed, 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, particularly in the context of the disclosures included in the Strategic Report this year. There has not been a material impact on the financial reporting judgements and estimates arising from our considerations, consistent with our assessment that climate change is not expected to have a meaningful impact on the viability of the Group in the medium term. Specifically, we note the following:

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

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 Dec 2020	31 Dec 2019	2020	2019
US dollar	1.35	1.31	1.28	1.28
Euro	1.10	1.17	1.13	1.14
Chinese renminbi	8.81	9.17	8.88	8.82
Hong Kong dollar	10.47	10.18	9.96	10.00
Australian dollar	1.78	1.87	1.87	1.84

Use of judgements and estimates

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.

Judgements

In applying the Group's accounting policies, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the financial statements.

Income and deferred tax

The tax on profits is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, judgements are used in determining the liability for the tax to be paid.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income. Details of amounts both recognised and unrecognised are disclosed in note 6.

IFRIC 23 Uncertainty Over Income Tax Treatments interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It clarifies that an entity must consider the probability that the tax authorities will accept the treatment in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings. The main areas of judgement in the Group tax calculation are reassessment of the uncertain tax positions and the probability of the tax treatments in its tax filings being retained. The most significant individual uncertain tax position relates to EU State Aid investigations and contingent liability disclosures have been included in note 22.

Basis of consolidation

Judgement is applied when determining if the Group 'controls' a subsidiary. In assessing control, the Group considers whether it has the power to direct the relevant activities, whether it has exposure to variable returns from the investee and whether it has power over the investee to affect the amount of investor returns. Our original assessments are subsequently revisited on a rolling basis – see 'Basis of consolidation' policy opposite. The Group acquisitions are disclosed in note 10, and the Group's principal subsidiaries are disclosed in note 23.

Notes to the financial statements *Continued*

1 Significant accounting policies *Continued*

Intangible assets

When the Group makes an acquisition, management determines initially whether any intangible assets (e.g. customer relationships, trade names and technology) should be recognised separately from goodwill, and the provisional amounts at which to recognise those assets. Certain assumptions are used in determining the provisional values for such intangible assets, including, but not limited to, future growth rates and customer attrition rates. During the first 12 months of ownership, intangible assets are reviewed to determine whether any additional information exists that supports amendments to that original assessment, including new intangible assets. Management has performed this subsequent review for the 2019 acquisition of Check Safety First Limited, during the current year – see note 10.

Restructuring

In making a provision and classifying costs as restructuring as part of our 5x5 differentiated strategy for growth, management has used its judgement to assess the specific circumstances of each local and regional restructuring proposal as to whether it meets the Group definition of this SDI, including an estimate of future costs and the timing of completion – see note 3.

Claims

In making provision for claims, management has used its judgement to assess the circumstances relating to each specific event, internal and external legal advice, knowledge of the industries and markets, prevailing commercial terms and legal precedents – see note 13.

Leases

On transition to IFRS 16 at 1 January 2019, the Group elected to adopt two exemptions proposed by the standard. The Group did not recognise right-of-use assets and lease liabilities for short-term leases (less than 12 months duration) and low-value assets (usually less than £4,000).

Normally the lease term is based upon the start and end date stated within the lease contract. Some lease contracts may also contain an extension option or a break option. Judgement is applied to assess whether to include these options in calculating term of a lease.

Estimates

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. The outbreak of COVID-19 has increased the level of estimation uncertainty in relation to assumptions used in impairment assessments (e.g. cash flow projections, long-term growth, discount rate). However, no risk has been identified of a goodwill impairment in the next 12 months, as detailed in the sensitivity analysis in note 9.

Employee post-retirement benefit obligations

For material defined benefit plans, the actuarial valuation includes assumptions such as discount rates, return on assets, salary progression and mortality rates. Following the outbreak of COVID-19 we have reassessed our assumptions including both discount and mortality rates. Further details and sensitivity analysis are included in note 16.

Recoverability of trade receivables

Trade receivables are reflected, net of an estimated provision for impairment losses. This provision considers the past payment history, the length of time that the debts have remained unpaid and forward-looking judgemental factors, such as specific customer knowledge and country-specific risk factors. Following the outbreak of COVID-19 we have reassessed our expected loss provisions including assessing the country-specific risk factors. Further details and sensitivity analysis are included in note 11.

Contingent consideration

When the Group acquires businesses, the total consideration may consist of an amount paid on completion plus further amounts payable on agreed post-completion dates. These further amounts are contingent on the acquired business meeting agreed performance targets. At the date of acquisition and at subsequent reporting periods, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due. The outbreak of COVID-19 has increased the level of estimation uncertainty in relation to profit and cash forecasts used in estimating the amount of contingent consideration that is likely to be due. Further details and sensitivity analysis are included in note 10.

Other accounting policies

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

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

2 Operating segments and presentation of results

Accounting policy

Revenue

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

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

On long-term projects 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 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 where services have not yet been rendered.

The Group does not expect to have any 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.

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.

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

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

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

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

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.

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

Notes to the financial statements *Continued*

2 Operating segments and presentation of results *Continued*

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

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

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

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

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

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

The results of these divisions for the year ended 31 December 2020 are shown below:

Year ended 31 December 2020	Revenue from contracts with customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,681.6	(108.1)	351.6	(32.1)	319.5
Trade	592.6	(45.1)	47.1	(5.0)	42.1
Resources	467.5	(20.8)	29.0	(12.4)	16.6
Total	**2,741.7**	**(174.0)**	**427.7**	**(49.5)**	**378.2**
Group operating profit			**427.7**	**(49.5)**	**378.2**
Net financing costs			(34.9)	0.6	(34.3)
Profit before income tax			**392.8**	**(48.9)**	**343.9**
Income tax expense			(100.2)	18.9	(81.3)
Profit for the year			**292.6**	**(30.0)**	**262.6**

Year ended 31 December 2019	Revenue from contracts with customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,796.7	(105.2)	405.4	(23.9)	381.5
Trade	679.4	(44.6)	86.6	(4.6)	82.0
Resources	510.9	(21.7)	32.2	(9.9)	22.3
Total	2,987.0	(171.5)	524.2	(38.4)	485.8
Group operating profit			524.2	(38.4)	485.8
Net financing costs			(39.4)	(1.3)	(40.7)
Profit before income tax			484.8	(39.7)	445.1
Income tax expense			(118.8)	7.3	(111.5)
Profit for the year			366.0	(32.4)	333.6

Geographic segments

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

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

	Revenue from external customers		Non-current assets	
	2020 £m	2019 £m	2020 £m	2019 £m
United States	870.8	969.9	962.2	1,016.7
China (including Hong Kong)	517.9	553.3	77.2	75.8
United Kingdom	161.6	188.9	191.2	197.1
Other countries and unallocated	1,191.4	1,274.9	470.8	516.8
Total	**2,741.7**	2,987.0	**1,701.4**	1,806.4

Major customers

No revenue from any individual customer exceeded 10% of total Group revenue in 2019 or 2020.

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 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.

When applicable, these items include amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; 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, which is a non-GAAP measure, excludes the amortisation of acquired intangible assets, primarily customer relationships, as we do not believe that the amortisation charge in the income statement provides useful information about the cash costs of running our business as these assets will be supported and maintained by the ongoing marketing and promotional expenditure, which is already reflected in operating costs. Amortisation of software, however, is included in adjusted operating profit as it is similar in nature to other capital expenditure. The costs of any restructuring as part of our 5x5 differentiated strategy for growth are excluded from adjusted operating profit where they represent fundamental changes in individual operations around the Group and where they reflect the refinement of our operational structure identified as part of the Group's strategy that are not expected to recur in those operations. 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 underlying performance of the Group's operations.

Separately Disclosed Items

The Separately Disclosed Items are described in the table below:

		2020 £m	2019 £m
Operating (costs)/income:			
Amortisation of acquisition intangibles	(a)	(28.1)	(29.1)
Acquisition costs	(b)	(2.4)	(1.6)
Restructuring costs	(c)	(19.0)	(13.3)
Gain on disposal of business	(d)	-	1.8
Material claims and settlements	(e)	-	4.6
Guaranteed minimum pension equalisation	(f)	-	(0.8)
Total operating costs		**(49.5)**	(38.4)
Net financing income/(costs)	(g)	0.6	(1.3)
Total before income tax		**(48.9)**	(39.7)
Income tax credit on Separately Disclosed Items		18.9	7.3
Total		**(30.0)**	(32.4)

(a) Of the amortisation of acquisition intangibles in the current year, £8.6m (2019: £8.7m) relates to the customer relationships, trade names, technology and non-compete covenants acquired with the purchase of Alchemy Investment Holdings, Inc ('Alchemy') in 2018.

(b) Acquisition costs comprise £2.0m (2019: £1.2m) for transaction costs in respect of successful, active and aborted acquisitions in the current year, and £0.4m in respect of prior-years' acquisitions (2019: £0.4m).

(c) During the year, the Group has implemented the final year of various fundamental restructuring activities, consistent with the Group's 5x5 strategy. These activities included site consolidations, closure of non-core business units, re-engineering of underperforming businesses and the delayering of management structures.

(d) £nil of small non-core businesses were disposed of in 2020 (2019: £1.8m).

(e) The 2019 material claims and settlements relate to a commercial claim that is separately disclosable due to its size.

(f) £nil has been recorded as past service cost under the defined benefit scheme – see note 16

(g) Net financing income of £0.6m (2019: £1.3m cost) relates to the change in fair value of contingent consideration and the unwinding of discount on put options related to acquisitions.

Notes to the financial statements *Continued*

4 Expenses and auditor's remuneration

An analysis of operating costs by nature is outlined below:

	2020 £m	2019 £m
Employee costs	1,220.4	1,314.5
Depreciation and software amortisation (notes 8 and 9)	174.0	171.5
Other expenses	969.1	1,015.2
Total	**2,363.5**	2,501.2

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

	2020 £m	2019 £m
Included in profit for the year are the following expenses:		
Property rentals	9.0	13.7
Lease and hire charges – fixtures, fittings and equipment	11.3	8.7
Government grants related to employee costs	(22.5)	(4.8)
Profit on disposal of property, fixtures, fittings, equipment and software	(0.2)	(0.9)

	2020 £m	2019 £m
Auditor's remuneration:		
Audit of these financial statements	0.8	0.8
Amounts receivable by the auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	4.0	3.8
Total audit fees payable pursuant to legislation	**4.8**	4.6
Audit-related services	0.2	0.1
Total	**5.0**	4.7

5 Employees

Total employee costs are shown below:

Employee costs	2020 £m	2019 £m
Wages and salaries	1,031.0	1,121.1
Equity-settled transactions	17.7	21.9
Social security costs	118.9	123.9
Pension costs (note 16)	52.8	47.6
Total employee costs	**1,220.4**	1,314.5

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

Average number of employees by division	2020	2019
Products	23,849	24,320
Trade	10,466	10,740
Resources	8,395	7,998
Central	1,915	1,910
Total average number for the year ended 31 December	**44,625**	44,968
Total actual number at 31 December	**43,769**	45,653

The total remuneration of the Directors is shown below:

Directors' emoluments	2020 £m	2019 £m
Directors' remuneration	2.8	4.4
Amounts charged under the long-term incentive scheme	1.3	3.0
Total Directors' emoluments	**4.1**	7.4

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.

The Group recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due. Amounts are accrued based on management's interpretation of specific tax law and the likelihood of settlement. Where the outcome of discussions with tax authorities is different from the amount initially recorded, this difference will impact the tax provisions in the period the determination is made.

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.

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.

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

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

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

Tax expense

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

The statutory tax charge, including the impact of SDIs, of £81.3m (2019: £111.5m), equates to an effective rate of 23.6% (2019: 25.1%) and the cash tax on adjusted results is 23.3% (2019: 23.1%).

The income tax expense for the adjusted profit before tax for the 12 months ended 31 December 2020 is £100.2m (2019: £118.8m). The Group's adjusted consolidated effective tax rate for the 12 months ended 31 December 2020 is 25.5% (2019: 24.5%).

Differences between the consolidated effective tax rate of 23.6% 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; 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 28.0% (2019: 27.1%).

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:

	2020 £m	2019 £m
Current tax charge for the period	94.8	101.1
Adjustments relating to prior year liabilities	(3.7)	(0.1)
Current tax	**91.1**	101.0
Deferred tax movement related to current year	(2.4)	11.8
Deferred tax movement related to prior year	(7.4)	(1.3)
Deferred tax movement	**(9.8)**	10.5
Total tax in income statement	**81.3**	111.5
Tax on adjusted result	100.2	118.8
Tax on Separately Disclosed Items	(18.9)	(7.3)
Total tax in income statement	**81.3**	111.5

Notes to the financial statements *Continued*

6 Taxation *Continued*

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.

	2020 £m	2019 £m
Profit before taxation	**343.9**	445.1
Notional tax charge at UK standard rate 19.0% (2019: 19.0%)	65.3	84.6
Differences in overseas tax rates	5.4	13.2
Withholding tax on intercompany dividends	10.7	9.4
Non-deductible expenses	12.1	23.6
Tax exempt income	(5.7)	(13.8)
Change in tax rate impact	(0.5)	(0.4)
Movement in unrecognised deferred tax	4.9	2.7
Adjustments in respect of prior years[1]	(11.1)	(1.4)
Other[2]	0.2	(6.4)
Total tax in income statement	**81.3**	111.5

1. Adjustments in respect of prior years include £8.2m credit relating to deferred tax on intangible assets and £6.4m following the refinement of the final FY18 and FY19 USA base erosion and anti-abuse tax charge. The remaining £3.5m charge relates to various territories, which mainly relate to derecognition of brought forward tax losses.
2. The Other category contains R&D tax credits and super deductions of £3.2m (2019: £3.1m) and a net provision charge of £2.5m (2019: £6.0m) following the review of uncertain tax provisions across multiple territories. The remaining £0.9m charge is other local taxes.

The UK government announced in March 2020 the UK corporation tax rate would remain at 19% from 1 April 2020 onwards, and this was substantively enacted in March 2020.

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 2020 £m	Tax charge 2020 £m	Net of tax 2020 £m	Before tax 2019 £m	Tax charge 2019 £m	Net of tax 2019 £m
Foreign exchange translation differences of foreign operations	(53.9)	(2.8)	(56.7)	(72.4)	(0.6)	(73.0)
Net exchange gain/(loss) on hedges of net investments in foreign operations	3.7	-	3.7	31.2	-	31.2
Gain on fair value of cash flow hedges	0.3	-	0.3	0.7	-	0.7
Remeasurements on defined benefit pension schemes	0.8	0.3	1.1	(3.2)	0.7	(2.5)
Tax on other items that will never be reclassified to profit or loss	-	(0.6)	(0.6)	-	0.1	0.1
Total other comprehensive (expense)/income for the year	**(49.1)**	**(3.1)**	**(52.2)**	(43.7)	0.2	(43.5)

Notes to the financial statements *Continued*

6 Taxation *Continued*

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 2020 £m	Tax charge 2020 £m	Net of tax 2020 £m	Before tax 2019 £m	Tax charge 2019 £m	Net of tax 2019 £m
Equity-settled transactions	17.7	-	17.7	21.9	1.2	23.1

Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2020 £m	Assets 2019 £m	Liabilities 2020 £m	Liabilities 2019 £m	Net 2020 £m	Net 2019 £m
Intangible assets	0.4	0.5	(72.5)	(87.5)	(72.1)	(87.0)
Property, fixtures, fittings and equipment	7.1	9.8	(3.9)	(5.9)	3.2	3.9
Pensions	1.8	2.2	-	-	1.8	2.2
Equity-settled transactions	8.3	8.6	-	-	8.3	8.6
Provisions and other temporary differences	52.0	41.3	(13.3)	(0.1)	38.7	41.2
Tax value of losses	9.0	14.8	-	-	9.0	14.8
Total	**78.6**	77.2	**(89.7)**	(93.5)	**(11.1)**	(16.3)
As shown on balance sheet:						
Deferred tax assets*					48.6	51.9
Deferred tax liabilities*					(59.7)	(68.2)
Total					**(11.1)**	(16.3)

* 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 £30.0m, but the net liability of £11.1m is the same in both cases.

Movements in deferred tax temporary differences during the year

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

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

	1 January 2019 £m	Exchange adjustments £m	Acquisitions £m	Recognised in income statement £m	Recognised in equity and OCI £m	31 December 2019 £m
Intangible assets	(90.6)	3.2	0.6	(0.2)	-	(87.0)
Property, fixtures, fittings and equipment	4.3	(1.0)	-	1.1	(0.5)	3.9
Pensions	2.6	-	-	(0.6)	0.2	2.2
Equity-settled transactions	8.2	-	-	-	0.4	8.6
Provisions and other temporary differences	42.2	(0.4)	-	(7.4)	6.8	41.2
Tax value of losses	10.9	(1.4)	9.9	(3.4)	(1.2)	14.8
Total	(22.4)	0.4	10.5	(10.5)	5.7	(16.3)

6 Taxation *Continued*

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:

	2020 £m	2019 £m
Intangibles	28.7	29.2
Pensions	1.5	-
Provisions and other temporary differences	0.2	2.0
Tax losses	150.7	113.7
Foreign tax credits[1]	12.0	12.4
Total	**193.1**	157.3

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

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

There is a temporary difference of £276.4m (2019: £250.8m) which relates to unremitted post-acquisition overseas earnings. No deferred tax is provided on this amount as the distribution of these retained earnings is under the control of the Group and there is no intention to either repatriate from, or sell, the associated subsidiaries in the foreseeable future.

7 Earnings per ordinary share

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

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

	2020 £m	2019 £m
Profit attributable to ordinary shareholders	247.3	313.1
Separately Disclosed Items after tax (note 3)	30.0	32.4
Adjusted earnings	**277.3**	345.5
Number of shares (millions)		
Basic weighted average number of ordinary shares	161.0	161.0
Potentially dilutive share awards	1.3	1.6
Diluted weighted average number of shares	**162.3**	162.6
Basic earnings per share	**153.6p**	194.5p
Potentially dilutive share awards	(1.2)p	(1.9)p
Diluted earnings per share	**152.4p**	192.6p
Adjusted basic earnings per share	**172.2p**	214.6p
Potentially dilutive share awards	(1.3)p	(2.1)p
Adjusted diluted earnings per share	**170.9p**	212.5p

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.

Other leases are operating leases

These leased assets are not recognised in the Group's statement of financial position.

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 2019	104.0	1,177.9	1,281.9
IFRS 16 asset recognised on 1 January 2019	437.0	37.4	474.4
Exchange adjustments	(16.6)	(57.6)	(74.2)
Additions	47.0	96.4	143.4
Disposals	(27.2)	(34.6)	(61.8)
Businesses acquired (note 10)	0.4	0.2	0.6
At 31 December 2019	544.6	1,219.7	1,764.3
Depreciation			
At 1 January 2019	36.9	803.8	840.7
IFRS 16 asset recognised on 1 January 2019	221.4	8.9	230.3
Exchange adjustments	(8.8)	(40.4)	(49.2)
Charge for the year	59.1	97.1	156.2
Disposals	(24.9)	(33.0)	(57.9)
At 31 December 2019	283.7	836.4	1,120.1
Net book value at 31 December 2019	260.9	383.3	644.2

Notes to the financial statements *Continued*

8 Property, plant and equipment *Continued*

	Land and buildings £m	Fixtures, fittings, plant and equipment £m	Total £m
Cost			
At 1 January 2020	544.6	1,219.7	1,764.3
Exchange adjustments	3.1	(10.2)	(7.1)
Additions	47.2	64.6	111.8
Disposals	(81.3)	(97.9)	(179.2)
Businesses acquired (note 10)	-	-	-
At 31 December 2020	**513.6**	**1,176.2**	**1,689.8**
Depreciation			
At 1 January 2020	283.7	836.4	1,120.1
Exchange adjustments	(2.9)	(3.8)	(6.7)
Charge for the year	61.4	95.2	156.6
Disposals	(72.8)	(93.2)	(166.0)
At 31 December 2020	**269.4**	**834.6**	**1,104.0**
Net book value at 31 December 2020	**244.2**	**341.6**	**585.8**

Fixtures, fittings, plant and equipment include assets in the course of construction of £23.0m at 31 December 2020 (2019: £40.6m), 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:

	2020 £m	2019 £m
Freehold	62.0	58.7
Leasehold*	182.2	202.2
Total	**244.2**	260.9

* IFRS 16 *Leases* was adopted on 1 January 2019 and all the Group leases were recognised on balance sheet.

Contracts for capital expenditure which are not provided in the financial statements amounted to £12.0m (2019: £4.0m).

We have specifically reviewed our portfolio of freehold properties (total 2020 net book value of £62.0m) 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.

Notes to the financial statements *Continued*

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 Separately Disclosed Items.

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.

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

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

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

Impairment

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

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

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

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

9 Goodwill and other intangible assets *Continued*

Intangibles

The intangibles employed by the business are analysed below:

	Goodwill £m	Other intangible assets: Customer relationships £m	Licences £m	Other acquisition intangibles £m	Computer software £m	Total other intangible assets £m
Cost						
At 1 January 2019	1,418.0	452.6	11.5	79.3	205.6	749.0
Exchange adjustments	(38.5)	(11.0)	(0.3)	(2.4)	(6.8)	(20.5)
Additions	-	0.2	-	-	28.8	29.0
Transfers	(7.2)	(2.4)	-	-	-	(2.4)
Reclassifications	-	-	-	-	-	-
Disposal	(0.2)	-	-	-	(1.8)	(1.8)
Businesses acquired (note 10)	19.3	-	-	-	0.4	0.4
At 31 December 2019	1,391.4	439.4	11.2	76.9	226.2	753.7
Amortisation						
At 1 January 2019	543.1	271.9	9.6	25.9	112.1	419.5
Exchange adjustments	(11.5)	(6.6)	(0.4)	(0.5)	(3.4)	(10.9)
Transfers	-	-	-	-	-	-
Reclassifications	-	9.3	-	(9.3)	-	-
Charge for the year	-	21.4	0.5	7.2	15.3	44.4
Disposal	-	-	-	-	(1.7)	(1.7)
At 31 December 2019	531.6	296.0	9.7	23.3	122.3	451.3
Net book value at 31 December 2019	859.8	143.4	1.5	53.6	103.9	302.4

	Goodwill £m	Other intangible assets: Customer relationships £m	Licences £m	Other acquisition intangibles £m	Computer software £m	Total other intangible assets £m
Cost						
At 1 January 2020	1,391.4	439.4	11.2	76.9	226.2	753.7
Exchange adjustments	(24.3)	(7.5)	(0.2)	(2.2)	(4.4)	(14.3)
Additions	0.4	-	-	-	25.5	25.5
Transfers	(4.4)	1.9	1.1	2.5	-	5.5
Reclassifications	-	-	-	-	-	-
Disposal	(3.0)	-	-	-	(20.0)	(20.0)
Businesses acquired (note 10)	-	-	-	-	-	-
At 31 December 2020	**1,360.1**	**433.8**	**12.1**	**77.2**	**227.3**	**750.4**
Amortisation						
At 1 January 2020	531.6	296.0	9.7	23.3	122.3	451.3
Exchange adjustments	(7.4)	(4.1)	(0.1)	(0.7)	(1.2)	(6.1)
Transfers	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Charge for the year	-	19.8	0.8	7.5	17.4	45.5
Disposal	-	-	-	-	(20.0)	(20.0)
At 31 December 2020	**524.2**	**311.7**	**10.4**	**30.1**	**118.5**	**470.7**
Net book value at 31 December 2020	**835.9**	**122.1**	**1.7**	**47.1**	**108.8**	**279.7**

Other intangible assets

Computer software additions of £25.5m (2019: £28.8m) relates to separately acquired computer software of £13.7m (2019: £14.8m) and internally developed intangible assets of £11.8m (2019: £14.0m).

The Other acquisition intangibles net book value of £47.1m (2019: £53.6m) consist of guaranteed income, order backlog, covenants not to compete and know-how. The average remaining amortisation period for customer relationships is nine years (2019: eight years).

Computer software net book value of £108.8m at 31 December 2020 (2019: £103.9m) includes software in construction of £58.2m (2019: £50.4m). Research and development expenditure of £28.0m (2019: £34.7m) was recognised as an expense in the year.

9 Goodwill and other intangible assets *Continued*

Goodwill

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

	2020 £m	2019 £m
Products	-	19.3
Trade	-	-
Resources	-	-
At 31 December	-	19.3

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

	2020 pre-tax discount rate	2020 £m	2019 £m
Industry Services	12.3%	14.5	14.7
Business Assurance	8.6%	274.4	289.0
Food & AgriWorld	8.6%	17.1	16.6
Caleb Brett	8.7%	55.2	56.1
Government & Trade Services	8.6%	0.8	0.8
Minerals	10.4%	38.7	37.0
Softlines	8.5%	6.2	6.2
Hardlines	8.4%	8.1	8.9
Electrical & Wireless	8.6%	86.1	88.0
Transportation Technologies	8.6%	42.9	43.6
Building & Construction	8.7%	212.0	218.9
Chemicals & Pharma/Health, Environmental & Regulatory	7.7%	79.9	80.0
Net book value at 31 December*		835.9	859.8

* 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. No impairments were required on goodwill arising in 2020 (2019: No impairments).

The calculation of the value in use is sensitive to long-term growth rates and discount rates. Long-term growth rates predict growth beyond the Group's planning cycle, and range from 1.8% to 2.6% (2019: 1.8% to 2.6%). The discount rate for each CGU is based on the Group's weighted average cost of capital adjusted for the risks specific to the CGU. Pre-tax discount rates ranged from 7.7% to 12.3% (2019: 8.0% to 9.3%).

Key assumptions

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

Sensitivity analysis

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

(i) Assuming revenues decline each year by 1% in 2021 to 2024 from the 2020 budgeted revenues, with margins increasing with base assumptions.

(ii) Assuming zero growth in operating profit margins in 2020 to 2024 with revenues increasing per base assumptions.

(iii) Assuming an increase in the discount rates used by 1%.

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

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

Notes to the financial statements *Continued*

10 Acquisitions

Acquisitions in 2020

No acquisitions were made during the year.

Consideration paid

There were no acquisitions in the year hence total consideration was £nil (2019: £18.0m). In 2019 there was additional consideration payable of £3.0m.

Acquisitions in 2019

On 13 December 2019, the Group acquired 100% of Check Safety First Limited ('CSF'), a market-leading global health, safety, quality and security risk management business focused on the travel, tourism and hospitality sectors, for a purchase price of £18.0m, (£17.0m net of cash acquired) generating goodwill of £12.3m.

On 3 July 2019, the Group acquired the remaining shares in Laboratorios ABC Química, Investigación y Análisis, S.A. de C.V. ('ABC') for cash consideration of £5.2m.

The fair value adjustments 12 months from the date of acquisition were:

	2020			2019		
Check Safety First Limited Total	**Book value prior to acquisition £m**	**Fair value adjustments £m**	**Fair value to Group on acquisition £m**	**Book value prior to acquisition £m**	**Provisional fair value adjustments £m**	**Provisional fair value to Group on acquisition £m**
Property, plant and equipment	0.6	-	0.6	0.6	-	0.6
Goodwill	0.9	11.4	12.3	0.9	18.4	19.3
Other intangible assets	0.4	5.5	5.9	0.4	-	0.4
Trade and other receivables	1.8	-	1.8	1.8	-	1.8
Trade and other payables	(1.5)	(0.7)	(2.2)	(1.0)	(0.6)	(1.6)
Provisions for liabilities and charges	(0.3)	-	(0.3)	(0.4)	-	(0.4)
Deferred tax assets/ (liabilities)	-	(1.1)	(1.1)	-	-	-
Net assets acquired	**1.9**	**15.1**	**17.0**	2.3	17.8	20.1

The provisional fair values disclosed in 2019 have been updated, principally for the recognition of £5.5m of specific intangible assets, resulting in a decrease in goodwill of £7.0m. 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 £0.1m, and a 1% decrease in the discount rate would have increased the financial liability by £0.1m. 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 £2.9m, whilst a decrease of 10% in the probability used would have decreased the financial liability by £2.0m.

Notes to the financial statements *Continued*

11 Trade and other receivables

Accounting policy

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

Trade and other receivables

Trade and other receivables are analysed below:

	2020 £m	2019 £m
Trade receivables	428.9	463.4
Contract assets	99.8	121.3
Other receivables	53.7	65.9
Prepayments	38.8	34.4
Total trade and other receivables	**621.2**	685.0

Trade receivables and contract assets are shown net of allowance for impairment losses of £18.9m (2019: £20.6m) and £5.3m (2019: £5.9m) respectively and are all expected to be recovered within 12 months. The largest individual element within allowance for impairment relates to a counterparty where the net exposure to the Group is £7.2m (2019: £9.6m). Net impairment on trade receivables and contract assets charged as part of operating costs was £1.7m (2019: £3.4m) and £1.7m (2019: £3.5m) respectively.

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

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

	2020 £m	2019 £m
Under 3 months	428.3	479.1
Between 3 and 6 months	51.3	55.2
Between 6 and 12 months	19.0	27.8
Over 12 months	54.3	49.1
Gross trade receivables and contract assets	**552.9**	611.2
Allowance for impairment	(24.2)	(26.5)
Trade receivables and contract assets, net of allowance	**528.7**	584.7

Included in trade receivables under three months of £360.6m (2019: £383.4m) are trade receivables of £315.4m (2019: £332.6m) 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	2020 £m	2019 £m
At 1 January	26.5	25.9
Exchange differences	(1.4)	(0.9)
Acquisitions	-	0.1
Net impairment loss recognised	3.3	6.9
Receivables written off	(4.2)	(5.5)
At 31 December	**24.2**	26.5

Sensitivity analysis

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

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.

Put option over non-controlling interest

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.

Trade and other payables

Trade and other payables are analysed below:

	Current 2020 £m	Current 2019 £m	Non-current 2020 £m	Non-current 2019 £m
Trade payables	142.0	163.8	0.8	0.9
Other payables	82.9	39.0	17.5	20.1
Accruals	248.1	240.6	5.2	2.8
Contract liabilities	103.2	74.6	2.6	5.4
Total trade and other payables	**576.2**	518.0	**26.1**	29.2

The Group's exposure to liquidity risk related to trade payables is disclosed in note 14. £61.0m of contract liabilities at the end of 2019 was recognised in revenue in 2020.

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 2020, this arrangement was applicable to trade payables totalling £2.5m (2019: £3.7m).

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 2020	24.3	4.3	15.7	44.3
Exchange adjustments	(0.9)	(0.1)	(0.1)	(1.1)
Provided in the year:	-	6.8	28.1	34.9
in respect of current year acquisitions	-	-	-	-
in respect of prior year acquisitions	0.2	-	-	0.2
Released during the year	(3.7)	(4.5)	(6.0)	(14.2)
Utilised during the year	(0.2)	(3.5)	(24.2)	(27.9)
At 31 December 2020	**19.7**	**3.0**	**13.5**	**36.2**
Included in:				
Current liabilities	12.5	3.0	13.3	28.8
Non-current liabilities	7.2	-	0.2	7.4
At 31 December 2020	**19.7**	**3.0**	**13.5**	**36.2**

The maximum contingent consideration, on a discounted basis, that could be paid in relation to acquisitions is £34.0m. The contingent consideration is a financial liability held at fair value through profit and loss with the measurement basis disclosed in note 14.

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

The provision for claims of £3.0m (2019: £4.3m) represents an estimate of the amounts payable in connection with identified claims from customers, former employees and other plaintiffs and associated legal costs. A release of £nil is included in SDIs (2019: £4.6m) - see note 3 for further information.
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 £13.5m (2019: £15.7m) includes restructuring provisions. The timing of the cash outflow is uncertain, but is likely to be within one year.

14 Borrowings and financial instruments

Accounting policy

Net financing costs

Net financing costs comprise interest expense on borrowings; facility fees; interest receivable on funds invested; interest income and expense relating to pension assets and liabilities; 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 comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Net financial debt comprises borrowings less cash and cash equivalents and total net debt is net financial debt plus the IFRS 16 lease liability.

Non-derivative financial liabilities

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

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

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

Derivative financial instruments

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

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

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

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

Hedging

Hedge of monetary assets and liabilities

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

Hedge of net investment in foreign operations

The Group is exposed to foreign exchange risk exposure arising from its net investment in foreign currency operations and net assets. The Group uses a combination of debt and cross currency interest rate swaps to hedge foreign exchange risks.

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 exposure in a USD private placement bond. In accordance with the Group's hedging strategy, the Group has cross currency interest rates swaps designated as cash flow hedges.

The effective portion of changes in the fair value of the 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

A number of our existing agreements, such as borrowings and commercial contracts utilise various benchmark rates such as LIBOR and other interbank offered rates ('IBORs'). The replacement of these benchmark interest rates has become a priority for global regulators and is expected to be largely completed in 2021. Intertek's hedging relationships will not be affected by the interest rate benchmark reforms, and the implications on the wider business are been assessed and the Group is preparing to move to the new benchmark rates in 2021.

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.

Notes to the financial statements *Continued*

14 Borrowings and financial instruments *Continued*

Net financing costs

Net financing costs are shown below:

Recognised in income statement	2020 £m	2019 £m
Finance income		
Interest on bank balances	1.1	1.2
Total finance income	**1.1**	1.2
Finance expense		
Interest on borrowings	(20.6)	(26.4)
Net pension interest cost (note 16)	(0.2)	(0.2)
Foreign exchange differences on revaluation of net monetary assets and liabilities	(5.6)	(2.7)
Leases - IFRS 16	(8.3)	(9.1)
Facility fees and other*	(0.7)	(3.5)
Total finance expense*	**(35.4)**	(41.9)
Net financing costs*	**(34.3)**	(40.7)

* Includes £0.6m income (2019: £1.3m cost) relating to SDIs.

Analysis of net debt

	2020 £m	2019 £m
Cash and cash equivalents per the statement of financial position	203.9	227.4
Overdrafts	(20.5)	(14.4)
Cash per the statement of cash flows	183.4	213.0

The components of net debt are outlined below:

	1 January 2020 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2020 £m
Cash	213.0	(21.7)	-	(7.9)	183.4
Borrowings:					
Revolving credit facility US$800m 2021	(285.5)	285.5	-	-	-
Revolving credit facility US$850m 2025	-	(130.3)	-	(5.2)	(135.5)
Senior notes US$150m 2020	(114.7)	111.4	-	3.3	-
Senior notes US$15m 2021	(11.5)	-	-	0.4	(11.1)
Senior notes US$140m 2022	(107.0)	-	-	3.3	(103.7)
Senior notes US$160m 2023	(30.6)	(89.8)	-	1.9	(118.5)
Senior notes US$125m 2024	(95.6)	-	-	3.0	(92.6)
Senior notes US$120m 2025	(30.6)	(59.8)	-	1.6	(88.8)
Senior notes US$75m 2026	(57.4)	-	-	1.9	(55.5)
Other*	(109.5)	110.2	2.2	(0.5)	2.4
Total borrowings	(842.4)	227.2	2.2	9.7	**(603.3)**
Total net financial debt	(629.4)	205.5	2.2	1.8	**(419.9)**
Lease liabilities (note 1)	(246.0)	72.0	(50.9)	0.7	(224.2)
Total net debt	(875.4)	277.5	(48.7)	2.5	**(644.1)**

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

14 Borrowings and financial instruments *Continued*

	1 January 2019 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2019 £m
Cash	203.2	31.1	-	(21.3)	213.0
Borrowings:					
Revolving credit facility US$800m 2021	(384.8)	90.0	-	9.3	(285.5)
Senior notes US$20m 2019	(15.8)	15.5	-	0.3	-
Senior notes US$150m 2020	(118.6)	-	-	3.9	(114.7)
Senior notes US$15m 2021	(11.8)	-	-	0.3	(11.5)
Senior notes US$140m 2022	(110.7)	-	-	3.7	(107.0)
Senior notes US$40m 2023	(31.6)	-	-	1.0	(30.6)
Senior notes US$125m 2024	(98.9)	-	-	3.3	(95.6)
Senior notes US$40m 2025	(31.7)	-	-	1.1	(30.6)
Senior notes US$75m 2026	(59.3)	-	-	1.9	(57.4)
Other*	(118.2)	5.8	(0.8)	3.7	(109.5)
Total borrowings	(981.4)	111.3	(0.8)	28.5	(842.4)
Total net financial debt	(778.2)	142.4	(0.8)	7.2	(629.4)
Lease liabilities (note 1)	(269.9)	69.7	(52.8)	7.0	(246.0)
Total net debt	(1,048.1)	212.1	(53.6)	14.2	(875.4)

* Includes other uncommitted borrowings of £110.0m and facility fees of £0.7m in 2019.

Borrowings

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

	Current 2020 £m	Current 2019 £m	Non-current 2020 £m	Non-current 2019 £m
Senior term loans and notes	11.1	114.7	594.6	618.2
Other borrowings	(0.6)	109.8	(1.8)	(0.3)
Total borrowings	**10.5**	224.5	**592.8**	617.9

Analysis of debt	2020 £m	2019 £m
Debt falling due:		
In one year or less	10.5	224.5
Between one and two years	103.0	296.9
Between two and five years	434.3	233.1
Over five years	55.5	87.9
Total borrowings	**603.3**	842.4

Description of borrowings

Total undrawn committed borrowing facilities as at 31 December 2020 were £494.0m (2019: £326.2m).

14 Borrowings and financial instruments *Continued*

US$850m revolving credit facility

In January 2020, the US$800m multi-currency revolving credit facility was refinanced with a US$850m revolving credit facility maturing in 2025 which is the Group's principal bank facility. Advances under the facility bear interest at a rate equal to LIBOR, or their local currency equivalent, plus a margin, depending on the Group's leverage. Drawings under this facility at 31 December 2020 were £135.5m (2019: £285.5m under previous facility).

In January 2021, US$850m of the facility was extended to 2026, the impact of this would be a transfer of £135.5m from borrowings due to be repaid between two and five years to borrowings due to be repaid in over five years.

Private placement bonds

In December 2010 the Group issued US$250m of senior notes. These notes were issued in two tranches with US$100m repaid on 15 December 2017 at a fixed annual interest rate of 3.2% and US$150m repaid on 15 December 2020 at a fixed annual interest rate of 3.91%.

In October 2011 the Group issued US$265m of senior notes. These notes were issued in three tranches with US$20m repaid on 18 January 2019 at a fixed annual interest rate of 3.0%, US$140m repayable on 18 January 2022 at a fixed annual interest rate of 3.75% and US$105m repayable on 18 January 2024 at a fixed annual interest rate of 3.85%.

In February 2013 the Group issued US$80m of senior notes. These notes were issued in two tranches with US$40m repayable on 14 February 2023 at a fixed annual interest rate of 3.10% and US$40m repayable on 14 February 2025 at a fixed annual interest rate of 3.25%.

In July 2014 the Group issued US$110m of senior notes. These notes were issued in four tranches with US$15m repayable 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%.

Lease liabilities

Undiscounted lease liabilities are split into current and non-current as outlined below:

	2020 £m	2019 £m
Analysis of lease liabilities falling due:		
Current:		
Repayable in less than 1 year	68.3	69.3
Non-current:		
Repayable in 1-2 years	49.7	54.7
Repayable in 2-5 years	80.6	92.7
Repayable in more than 5 years	93.5	95.8
Total lease liabilities	**292.1**	312.5

Financial risks

Details of the Group's treasury controls, exposures and the policies and processes for managing capital and credit, liquidity, interest rate and currency risk are set out below, and in the Strategic report - Financial review that starts on page 50.

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:

	2020 £m	2019 £m
Trade receivables, net of allowance (note 11)	428.9	463.4
Cash and cash equivalents	183.4	213.0
Total	**612.3**	676.4

Notes to the financial statements *Continued*

14 Borrowings and financial instruments *Continued*

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	2020 £m	2019 £m
Asia Pacific	120.4	126.4
Americas	169.9	188.1
Europe, Middle East and Africa	138.6	148.9
Total	**428.9**	463.4

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 banking relationships with a number of 'relationship banks' that meet this criterion, and seeks to use their services wherever possible while avoiding excessive concentration of credit risk. Given the diverse geographic nature of the Group's activities, it is not always possible to use a relationship bank. Therefore the Group has set limits on the level of deposits to be held at non-relationship banks to minimise the risk to the Group. It is also Group policy to remit any excess funds from local entities back to Intertek Group Treasury in the UK. Given the controls in place, and based on a current assessment of our banking relationships, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as and when they fall due. The Group's policy is to:

- ensure sufficient liquidity is available to Group companies in the amounts, currencies and locations required to support the Group's operations;
- ensure the Group has adequate available sources of funding to protect against unforeseen internal and external events; and
- avoid excess liquidity which restricts growth and impacts the cost of financing.

To ensure this policy is met, the Group monitors cash balances on a daily basis, projects cash requirements on a rolling basis and funds itself using debt instruments with a range of maturities.

The following are the contractual cash flows of financial liabilities/(assets) including interest (for floating rate instruments, interest payments are based on the interest rate at 31 December 2019):

2020	Carrying amount £m	Contractual cash flows £m	Six months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than five years £m
Non-derivative financial liabilities							
Senior term loans and notes	605.7	654.1	7.8	19.1	115.3	454.6	57.3
Other loans	(2.4)	0.1	-	0.1	-	-	-
Trade payables (note 12)	142.8	142.8	138.2	3.8	0.7	0.1	-
Lease liabilities	224.2	292.1	36.3	32.0	49.7	80.6	93.5
Contingent consideration (note 13)	19.7	20.9	12.5	-	-	8.4	-
	990.0	1,110.0	194.8	55.0	165.7	543.7	150.8
Derivative financial liabilities/(assets)							
Foreign currency forwards							
Outflow	-	538.8	538.8	-	-	-	-
Inflow	(0.9)	(539.7)	(539.7)	-	-	-	-
Cross currency interest rate swaps							
Outflow	-	-	-	-	-	-	-
Inflow	-	-	-	-	-	-	-
	(0.9)	(0.9)	(0.9)	-	-	-	-
Total	**989.1**	**1,109.1**	**193.9**	**55.0**	**165.7**	**543.7**	**150.8**

Notes to the financial statements *Continued*

14 Borrowings and financial instruments *Continued*

2019	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							
Senior term loans and notes	732.9	798.8	10.6	125.1	311.3	259.4	92.4
Other loans	109.5	110.3	110.1	0.2	-	-	-
Trade payables (note 12)	164.7	164.7	160.4	3.5	0.7	0.1	-
Lease liabilities	246.0	312.5	36.1	33.2	54.7	92.7	95.8
Contingent consideration (note 13)	24.3	26.7	-	4.6	14.5	7.6	-
	1,277.4	1,413.0	317.2	166.6	381.2	359.8	188.2
Derivative financial liabilities/ (assets)							
Foreign currency forwards							
Outflow	-	435.8	435.8	-	-	-	-
Inflow	(0.2)	(436.0)	(436.0)	-	-	-	-
Cross currency interest rate swaps							
Outflow	4.4	81.8	0.8	81.0	-	-	-
Inflow	-	(79.5)	(1.5)	(78.0)	-	-	-
	4.2	2.1	(0.9)	3.0	-	-	-
Total	1,281.6	1,415.1	316.3	169.6	381.2	359.8	188.2

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. Under the Group's Treasury policy, management may fix the interest rates on up to 80% of the Group's debt portfolio for the period of the current financial year. The Group's debt portfolio beyond this period is to be managed within the range of a 20%-60% fixed-to-floating rate ratio. To achieve this, the Group uses bank debt facilities, US private placements and cross currency interest rate swaps.

Sensitivity

At 31 December 2020, 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 £10.6m (2019: £15.0m). This analysis assumes all other variables remain constant.

Foreign currency risk

The Group's objective in managing foreign currency risk is to safeguard the Group's financial assets from economic loss due to fluctuations in foreign currencies, and to protect margins on cross currency contracts and operations. To achieve this, the Group's policy is to hedge its foreign currency exposures where appropriate.

The net assets of foreign subsidiaries represent a significant portion of the Group's shareholders' funds and a substantial percentage of the Group's revenue and operating costs are incurred in currencies other than sterling. Because of 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.

14 Borrowings and financial instruments *Continued*

The foreign currency profiles of cash, trade receivables and payables subject to translation risk and transaction risk, at the reporting date, were as follows:

2020	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Other currencies £m
Cash	183.4	2.6	44.1	49.1	(1.3)	88.9
Trade receivables (note 11)	428.9	23.9	208.2	35.6	6.9	154.3
Trade payables (note 12)	142.8	13.4	56.8	14.1	1.9	56.6

2019	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Other currencies £m
Cash	213.0	11.6	57.5	55.7	3.1	85.1
Trade receivables (note 11)	463.4	35.5	161.5	48.9	13.4	204.1
Trade payables (note 12)	164.7	19.7	67.9	14.3	3.5	59.3

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

The Group held a US$150m fixed interest rate USD private placement bond which matured in December 2020.

A proportion of the bond was hedged using 100m USD/GBP fixed-to-fixed cross currency swaps which matured in December 2020 to eliminate the changes in the cash flows of the repayment of coupon and principal related to changes in foreign exchange rates.

In 2020, £1.2m of the cash flow hedge reserve was recycled through to the income statement to offset the impact of the hedged US$100m bond.

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 at 31 December 2020 was £605.7m (2019: £561.3m).

93.8m EUR/GBP fixed-to-fixed cross currency swaps which matured in December 2020, including all coupons, were designated as a hedge to protect the same amount of net investment in the Group's Euro operations and net assets, against adverse changes in exchange rates.

Notes to the financial statements *Continued*

14 Borrowings and financial instruments *Continued*

A foreign exchange gain of £3.7m (2019: £31.2m foreign exchange gain) was recognised in the translation reserve in equity on translation of these loans to sterling and the impact of changes in fair value of the cross currency interest rate swaps. The Group has the following hedging instruments:

2020	Nominal amounts in local currency	Carrying value £m	1 January 2020 £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	31 December 2020 £m
Cash flow hedges - foreign exchange and interest rate risk							
Cross currency interest rate swaps - discontinued	-	-	(0.3)	(0.9)	1.2	-	-
Hedges of net investment in a foreign operation - foreign exchange risk							
Cross currency interest rate swaps - continuing	-	-	(13.8)	(5.2)	-	19.0	-
Cross currency interest rate swaps - discontinued	-	-	-	-	-	(19.0)	(19.0)
Foreign currency borrowings - continuing	£605.7m	605.7	(110.7)	8.9	-	51.4	(50.4)
Foreign currency borrowings - discontinued	-	-	(121.8)	-	-	(51.4)	(173.2)
		605.7	(246.6)	2.8	1.2	-	**(242.6)**

2019 - represented	Nominal amounts in local currency	Carrying value £m	1 January 2019 £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	31 December 2019 £m
Cash flow hedges - foreign exchange and interest rate risk							
Cross currency interest rate swaps - continuing	US$100m	(9.4)	(1.0)	(2.3)	3.0	-	(0.3)
Hedges of net investment in a foreign operation - foreign exchange risk							
Cross currency interest rate swaps - continuing	EUR 93.8m	13.8	(19.3)	5.5	-	-	(13.8)
Foreign currency borrowings - continuing	£561.3m	561.3	(131.2)	25.7	-	(5.2)	(110.7)
Foreign currency borrowings - discontinued	-	-	(127.0)	-	-	5.2	(121.8)
		565.7	(278.5)	28.9	3.0	-	(246.6)

The Group had entered into US$100m of cross currency interest rate swaps which pay EUR denominated interest and principal; and receive USD denominated interest and principal; which matured in December 2020. The cross currency interest rate swaps were bifurcated into two relationships: 1) A cash flow hedge of US$100m versus GBP foreign currency and interest rate risks in USD denominated borrowings; and 2) A net investment hedge of EUR versus GBP foreign currency risk in EUR denominated net assets of the Group.

14 Borrowings and financial instruments *Continued*

The weighted average exchange rates of the swaps are GBP/USD 1.5207 and EUR/GBP 0.7009.

The cross currency interest rate swaps and foreign currency forwards are disclosed within other payables in the statement of financial position.

The critical terms of the swap contracts and their corresponding hedged items are matched and the Group expects highly effective hedging relationships. Net ineffectiveness on the cash flow and net investment hedges recognised in the income statement was nil.

Hedge ineffectiveness may occur due to:

a) the fair value of the hedging instrument on the hedge relationship designation date if the fair value is not nil;

b) changes in the contractual terms or timing of the payments on the hedged item; and

c) a change in the credit risk of the Group or the counterparty with the hedged instrument.

The hedge ratio for each designation will be established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for all of the Group's existing hedge relationships the hedge ratio has been determined as 1:1.

The carrying values of the hedging instruments; US$635m senior notes and RCF drawings EUR114m, CHF8.0m and AUD45.0m are included within long-term borrowings within the statement of financial position.

Fair value gains and losses on the hedging instruments designated in the cash flow and net investment hedges have been presented as 'fair value on cash flow hedges' and 'net exchange on hedges of net investments in foreign operations' respectively within the statement of other comprehensive income.

Foreign exchange loss of £1.2m 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 2020 by approximately £17.9m (2019: £24.8m). 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 £55.1m (2019: £58.3m) 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 2020 £m	Fair value 2020 £m	Book value 2019 £m	Fair value 2019 £m
Financial assets				
Cash and cash equivalents	183.4	183.4	213.0	213.0
Trade receivables (note 11)	428.9	428.9	463.4	463.4
Foreign currency forwards*	0.9	0.9	0.2	0.2
Total financial assets	**613.2**	**613.2**	676.6	676.6
Financial liabilities				
Interest-bearing loans and borrowings	603.3	621.7	842.4	851.0
Trade payables (note 12)	142.8	142.8	164.7	164.7
Contingent consideration**	19.7	19.7	24.3	24.3
Cross currency interest rate swaps*	-	-	4.4	4.4
Total financial liabilities	**765.8**	**784.2**	1,035.8	1,044.4

* Cross currency interest rate swaps and foreign currency forwards are categorised as Level 2, under which the fair value is measured using inputs other than quoted prices observable for the liability, either directly or indirectly.

** Contingent consideration is categorised as Level 3 under which the fair value is measured using unobservable inputs – being the EBITDA performance of the acquired companies.

Notes to the financial statements *Continued*

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	2020 number	2020 £m	2019 £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 (2019: nil) ordinary shares in respect of all share plans.

Purchase of own shares for trust

During the year ended 31 December 2020, the Company financed the purchase of 225,165 (2019: 459,078) of its own shares with an aggregate nominal value of £2,252 (2019: £4,591) for 12.2m (2019: £23.1m) which was charged to retained earnings in equity and was held by the ESOT. This trust is managed and controlled by an independent offshore trustee. During the year, 358,718 shares were utilised to satisfy the vesting of share awards (note 17). At 31 December 2020, the ESOT held 313,270 shares (2019: 446,823 shares) with an aggregate nominal value of £3,133 (2019: £4,468). The associated cash outflow of £12.2m (2019: £23.1m) has been presented as a financing cash flow.

Dividends	2020 £m	2020 Pence per share	2019 £m	2019 Pence per share
Amounts recognised as distributions to equity holders:				
Final dividend for the year ended 31 December 2018	-	-	108.2	67.2
Interim dividend for the year ended 31 December 2019	-	-	55.0	34.2
Final dividend for the year ended 31 December 2019	115.3	71.6	-	-
Interim dividend for the year ended 31 December 2020	55.1	34.2	-	-
Dividends paid	**170.4**	**105.8**	163.2	101.4

After the reporting date, the Directors proposed a final dividend of 71.6p per share in respect of the year ended 31 December 2020, which is expected to amount to £115.6m. This dividend is subject to approval by shareholders at the Annual General Meeting and therefore, in accordance with IAS 10 *Events After the Reporting Date*, it has not been included as a liability in these financial statements. If approved, the final dividend will be paid to shareholders on 18 June 2021.

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 deficit, the discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method.

The increase in the present value of the liabilities expected to arise from the employees' services in the accounting period is charged to the operating profit in the income statement. The expected return on the schemes' assets and the interest on the present value of the schemes' liabilities, during the accounting period, are shown as finance income and finance expense, respectively.

The Group operates a number of pension schemes throughout the world. In most locations, these are defined contribution arrangements. However, there are significant defined benefit schemes in the United Kingdom and Switzerland. The United Kingdom Scheme is funded, with assets held in separate trustee-administered funds and the Switzerland Scheme is an insured scheme. The scheme in the United Kingdom were closed to new entrants in 2002. Other funded defined benefit schemes are not considered to be material and are therefore accounted for as if they were defined contribution schemes.

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:

	2020 £m	2019 £m
Defined contribution schemes	(50.6)	(45.2)
Defined benefit schemes – current service cost and administration expenses	(2.2)	(2.4)
Pension cost included in operating profit (note 5)	**(52.8)**	(47.6)

The pension cost for the defined benefit schemes was assessed in accordance with the advice of qualified actuaries. The last full triennial actuarial valuation of The Intertek Pension Scheme in the United Kingdom ('United Kingdom Scheme') was carried out as at 31 March 2019, and for IAS 19 accounting purposes has been updated to 31 December 2020. The Switzerland Scheme was valued for IAS 19 purposes as at 31 December 2020. The average duration of the schemes are 20 years and 15 years for the United Kingdom and Switzerland schemes, respectively.

Defined benefit schemes

The cost of defined benefit schemes

The amounts recognised in the income statement were as follows:

	2020 £m	2019 £m
Current service cost	(1.8)	(2.0)
Curtailment gain	-	5.8
GMP pension equalisation (note 3)	-	(0.6)
Scheme administration expenses	(0.4)	(0.5)
Net pension interest cost (note 14)	(0.2)	(0.2)
Total (charge)/credit	**(2.4)**	2.3

The current service cost, scheme administration expenses and curtailment gain are included in operating costs in the income statement and pension interest cost and interest income are included in net financing costs.

16 Employee benefits *Continued*

Included in other comprehensive income:

	2020 £m	2019 £m
Remeasurements arising from:		
Demographic assumptions	4.1	(1.5)
Financial assumptions	(14.9)	(17.6)
Experience adjustment	0.9	2.4
Asset valuation	10.4	13.3
Other	0.3	0.2
Total	**0.8**	(3.2)

Company contributions

The Company assessed the triennial actuarial valuation for the United Kingdom Scheme and its impact on the scheme funding plan in 2020 and future years. In 2021 the Group expects to make normal contributions of £2.7m (2020: £0.6m) and has made a special contribution of £2.0m (2020: £2.0m). The next triennial valuation is due to take place as at 31 March 2022 and will include a review of the Company's future contribution requirements.

Pension liability for defined benefit schemes

The amounts recognised in the statement of financial position for defined benefit schemes were as follows:

	United Kingdom Scheme £m	Switzerland Scheme £m	Total £m
Fair value of scheme assets	131.5	18.9	150.4
Present value of funded defined benefit obligations	(140.3)	(22.2)	(162.5)
Deficit in schemes	**(8.8)**	**(3.3)**	**(12.1)**

The fair value changes in the scheme assets are shown below:

	2020 £m	2019 £m
Fair value of scheme assets at 1 January	136.8	144.6
Interest income	2.4	3.3
Normal contributions by the employer	1.3	1.2
Special contributions by the employer	2.0	2.0
Contributions by scheme participants	0.5	0.5
Benefits paid	(3.8)	(5.1)
Effect of exchange rate changes on overseas schemes	1.1	(0.1)
Remeasurements	10.4	13.2
Scheme administration expenses	(0.4)	(0.5)
Contribution to fund scheme administration expenses	0.1	0.2
Closure of Hong Kong Scheme*	-	(22.5)
Fair value of scheme assets at 31 December	**150.4**	136.8

* The Hong Kong Scheme closed during 2019.

Asset allocation

Investment statements were provided by the Investment Managers which showed that, as at 31 December 2020, the invested assets of the United Kingdom Scheme totalled £131.5m (2019: £120.8m), broken down as follows:

	United Kingdom Scheme	
Asset class	**2020 £m**	**2019 £m**
Equities	83.8	48.0
Property	10.1	11.1
Liability-Driven Investment*	17.7	14.0
Corporate debt instruments	12.6	-
Cash	7.3	47.7
Total	**131.5**	120.8

* 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

16 Employee benefits *Continued*

The United Kingdom Scheme had bank account assets of £0.6m as at 31 December 2020 (2019: £2.0m).

The United Kingdom Scheme invested assets comprise both quoted and unquoted assets. The value of quoted assets in 2020 was £28.6m (2019: £30.9m), included within equities in the above table, with the remaining assets being unquoted. The Switzerland Scheme is fully insured.

Changes in the present value of the defined benefit obligations were as follows:

	2020 £m	2019 £m
Defined benefit obligations at 1 January	150.2	157.1
Current service cost	1.8	2.0
Past service cost	-	0.8
Interest cost	2.6	3.5
Contributions by scheme participants	0.2	0.2
Benefits paid	(3.8)	(5.1)
Effect of exchange rate changes on overseas schemes	1.3	0.1
Remeasurements	10.2	16.7
Curtailment gain	-	(5.8)
Closure of Hong Kong Scheme*	-	(19.3)
Defined benefit obligations at 31 December	**162.5**	**150.2**

* The Hong Kong Scheme closed during 2019

Principal actuarial assumptions:

	United Kingdom Scheme		Switzerland Scheme	
	2020 %	2019 %	2020 %	2019 %
Discount rate	1.35	2.0	0.2	0.1
Inflation rate (based on CPI)	1.8	2.2	n/a	n/a
Rate of salary increases	-	-	1.0	1.0
Rate of pension increases:				
CPI subject to a maximum of 5% p.a.	1.9	2.3	n/a	n/a
Increases subject to a maximum of 2.5% p.a.	1.6	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	
	2020	2019	2020	2019
Male aged 40	47.8	49.0	45.6	42.8
Male aged 65	21.8	22.2	22.7	19.7
Female aged 40	50.1	51.1	48.2	45.4
Female aged 65	23.9	24.3	24.5	21.9

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 2020 for the United Kingdom Scheme are S3PA tables, based on the CMI 2019 mortality projection model with a 1.00% long term annual rate for future improvements. In 2019 the S3PA tables were used, based on the CMI 2018 mortality projection model with a 1.25% long-term annual rate for future improvement. For the Switzerland Scheme, the mortality table adopted in both 2020 and 2019 is the BVG2015, an industry standard in Switzerland which is based on statistical evidence of major Switzerland pension funds.

Sensitivity analysis

The table below sets out the sensitivity on the United Kingdom pension assets and liabilities as at 31 December 2020 of the two main assumptions:

	UK Scheme	
Change in assumptions	Liabilities £m	Increase/(decrease) in deficit £m
No change	140.3	-
0.25% rise in discount rate	134.2	(6.1)
0.25% fall in discount rate	146.8	6.5
0.25% rise in inflation	143.8	3.5
0.25% fall in inflation	137.2	(3.1)

The United Kingdom Scheme is also subject to the mortality assumption. If the mortality tables used are rated up/down one year, the value placed on the liabilities increases by £6.9m and decreases by £6.5m, respectively.

16 Employee benefits *Continued*

Funding arrangements

United Kingdom Scheme

The Trustees use the Projected Unit Credit Method with a three-year control period. Currently the scheme members pay contributions at the rate of 8.5% of salary. The employer pays contributions of 16.4% of salary, plus £0.2m per year to fund scheme expenses and has made an additional contribution of £2.0m in 2020 to reduce the deficit disclosed by the 2019 valuation.

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 advisors, actuaries and lawyers as necessary.

Guaranteed Minimum Pension Liability

On 26 October 2018, the High Court of Justice of England and Wales issued a judgement in a claim between Lloyds Banking Group Pension Trustees Limited (the claimant) and Lloyds Bank plc (defendant) that UK pension schemes should equalise pension benefits for men and women for the calculation of their guaranteed minimum pension liability. This court ruling impacts the majority of companies with a UK defined benefit plan, including the Intertek Pension Scheme. A formal calculation of the impact was undertaken during 2019 as part of the scheme's three-yearly valuation process, £0.8m was been recorded as past service cost under the defined benefit scheme. In 2020 nil was recorded as a part service cost under the defined benefit scheme.

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 Monte Carlo 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 Black-Scholes method and is adjusted for the probability of TSR performance conditions being achieved.

Share plans

2011 Long Term Incentive Plan

The Deferred Bonus Plan 2005 was replaced in 2011 with the Intertek 2011 Long Term Incentive Plan ('LTIP'). Deferred Share Awards (previously Share Awards) and LTIP Share Awards (previously Performance Awards) have been granted under this plan. The first awards were granted on 7 April 2006. The awards under these plans vest three years after grant date, subject to fulfilment of the performance conditions. The weighted average remaining contractual life of share options outstanding at the end of the period is one year.

	2020			2019		
Outstanding awards	**Deferred Share Awards**	**LTIP Share Awards**	**Total awards**	**Deferred Share Awards**	**LTIP Share Awards**	**Total awards**
At beginning of year	812,317	927,395	1,739,712	895,582	962,657	1,858,239
Granted*	278,996	315,054	594,050	303,942	369,529	673,471
Vested**	(244,837)	(258,438)	(503,275)	(318,629)	(344,123)	(662,752)
Forfeited	(61,544)	(94,074)	(155,618)	(68,578)	(60,668)	(129,246)
At end of year	**784,932**	**889,937**	**1,674,869**	812,317	927,395	1,739,712

* Includes 12,570 Deferred Share Awards (2019: 13,796) and 12,239 LTIP Share Awards (2019: 18,006) granted in respect of dividend accruals.

** Of the 503,275 awards vested in 2020, nil were satisfied by the issue of shares and 331,380 by the transfer of shares from the ESOT (see note 15). The balance of 171,895 awards represented a tax liability of £8.0m (2019: £11.6m) which was settled in cash on behalf of employees by the Group, of which £7.1m was settled by the Company.

Notes to the financial statements *Continued*

17 Share schemes *Continued*

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 buy-out 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.

	2020		2019	
Outstanding awards	**Deferred Share Awards**	**Total awards**	**Deferred Share Awards**	**Total awards**
At beginning of year	68,560	68,560	120,014	120,014
Granted*	21,762	21,762	24,806	24,806
Vested**	(36,574)	(36,574)	(54,661)	(54,661)
Forfeited	(7,867)	(7,867)	(21,599)	(21,599)
At end of year	**45,881**	**45,881**	68,560	68,560

* Includes 1,062 Deferred Share Awards (2019: 2,048) granted in respect of dividend accruals.

** Of the 36,574 awards vested in 2020, 27,339 were satisfied by the transfer of shares from the ESOT (see note 15). The balance of 9,235 awards represented a tax liability of £0.5m which was settled in cash on behalf of employees by the Group, of which £0.4m was settled by the Company.

Equity-settled transactions

During the year ended 31 December 2020, the Group recognised an expense of £17.7m (2019: £21.9m). The fair values and the assumptions used in their calculations are set out below:

	2020 Awards		
	Deferred Share Awards	**Share Awards**	**LTIP Share Awards**
Fair value at measurement date (pence)	5,429	4,814	4,793
Share price (pence)	5,429	4,814	4,793
Expected volatility	n/a	n/a	24.0%
Risk-free interest rate	n/a	n/a	0.02%
Time to maturity (years)	1-3	3	3

	2019 Awards			
	Deferred Share Awards	**Share Awards**	**LTIP Share Awards EPS element**	**LTIP Share Awards TSR element**
Fair value at measurement date (pence)	4,590	4,523	4,508	2,122
Share price (pence)	4,590	4,523	4,508	4,508
Expected volatility	-	-	-	21.3%
Risk-free interest rate	-	-	-	0.8%
Time to maturity (years)	1-3	3	3	3

The expected volatility is based on the historical volatility, adjusted for any expected changes to future volatility due to publicly available information.

The weighted-average exercise prices of all share awards in the year are £nil (2019: £nil).

All Share Awards are granted under a service condition. Such condition is not taken into account in the fair value measurement at grant date. The LTIP Share Awards (TSR element) are granted under a performance-related market condition and as a result this condition is taken into account in the fair value measurement at grant date. From 2020 the LTIP Share Awards are granted under performance-related non-market conditions only.

18 Subsequent events

In January 2021, US$850m of the facility was extended to 2026, the impact of this would be a transfer of £135.5m from borrowings due to be repaid between two and five years to borrowings due to be repaid in over five years.

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 decreased from £629.4m at 31 December 2019 to £419.9m at 31 December 2020, primarily reflecting the continued strong underlying cash generation of the Group in 2020. The Group has a strong balance sheet with financial net debt to EBITDA of 0.7x.

During 2020, the Group has continued the working capital focus and through disciplined performance management, working capital has reduced by £104.7m to negative £4.0m. Working capital is defined on page 137.

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 2020 was 21.6% (2019: 23.7%). Adjusted diluted earnings per share is a key measure of value creation for the Board and for shareholders and in 2020 was 170.9p (2019: 212.5p).

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 circa 50%. Reflecting the Group's strong cash generation in 2020 and reduced leverage, the recommended final dividend is 71.6p bringing the full-year dividend to 105.8p, which is in-line with 2019, and the dividend payout ratio to 62%.

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:

	2020 £m	2019 £m
At 1 January	29.4	34.3
Exchange adjustments	(0.3)	(2.2)
Share of profit for the year	15.3	20.5
Adjustment arising from changes in non-controlling interest	2.2	(4.1)
Dividends paid to non-controlling interest	(18.6)	(19.1)
At 31 December	**28.0**	29.4

21 Related parties

Identity of related parties

The Group has a related party relationship with its key management. Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

Transactions with key management personnel

Key management personnel compensation, including the Group's Directors, is shown in the table below:

	2020 £m	2019 £m
Short-term benefits	11.6	11.4
Post-employment benefits	0.8	0.9
Equity-settled transactions	10.4	9.7
Total	22.8	22.0

More detailed information concerning Directors' remuneration, shareholdings, pension entitlements and other long-term incentive plans is shown in the audited part of the Remuneration report. Apart from the above, no member of key management had a personal interest in any business transactions of the Group.

Notes to the financial statements *Continued*

22 Contingent liabilities

	2020 £m	2019 £m
Guarantees, letters of credit and performance bonds	26.0	26.7

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. The Group continues to monitor developments in relation to EU State Aid investigations. On 25 April 2019, the EU Commission's final decision regarding its investigation into the UK's Controlled Foreign Company regime was published. It concludes that the legislation up until December 2018 does partially represent State Aid. The Group considers that the potential amount of additional tax payable remains between £nil and £16.3m (excluding interest and penalties) depending on the basis of calculation and the outcome of HMRC's appeal to the EU Commission. Based on current advice, the Group does not consider any provision is required in relation to this investigation. This judgement is based on current interpretation of legislation, management experience and professional advice.

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 2020. Unless otherwise stated, these entities are wholly owned subsidiaries and the address of the registered office is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, United Kingdom.

Company name	Country of incorporation and principal place of operation	Activity
Intertek Finance plc	England	Finance
Intertek Holdings Limited (i)	England	Holding
Intertek Technical Services, Inc. (ii)	USA	Trading
Intertek Testing Services Holdings Limited (i)	England	Holding
Intertek Testing Services Hong Kong Limited (iii)	Hong Kong	Trading
Intertek Testing Services Limited Shanghai (iv)	China	Trading
Intertek Testing Services NA, Inc. (v)	USA	Trading
Intertek Testing Services Shenzhen Limited (vi)	China	Trading
Intertek USA, Inc. (vii)	USA	Trading
Intertek USD Finance Limited	England	Finance
Labtest Hong Kong Limited (viii)	Hong Kong	Trading
RCG-Moody International Limited	England	Holding
Testing Holdings USA, Inc. (ix)	USA	Holding

(i) Directly owned by Intertek Group plc.

(ii) Ownership held in ordinary and preference shares; Registered office address is: 25025 I-45 North, Suite #111, The Woodlands, TX 77380, United States.

(iii) Registered office address is: 2/F Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.

(iv) Equity shareholding 85%, company controlled by the Group based on management's assessment; Registered office address is: 2nd Floor (West Zone), No 707 ZhangYang Road, Pilot Free Trade Zone, Shanghai, China.

(v) Registered office address is: 3933 US Route 11, Cortland, NY 13045, United States.

(vi) Registered office address is: West side of 1/F and 3,4,5/F of Bldg. 1, 1-5/F of Bldg. 3, Yuanzheng Science and Technology Industrial Park, No. 4012, Bantian Street, Longgang District, Shenzhen, Guangdong, China.

(vii) Registered office address is: CT Corporation System, 5615 Corporate Blvd., Soite 400B, Baton Rouge, LA 70808, United States.

(viii) Registered office address is: 2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.

(ix) Registered office address is: Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

Group companies

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings is set out below. Related undertakings comprise subsidiaries, partnerships, associates, joint ventures and joint arrangements. The principal subsidiaries listed above have not been duplicated in the list below.

Where no address is listed, the address of the registered office is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, United Kingdom. Unless otherwise stated, the share capital for all related undertakings included in this note comprises ordinary or common stock shares which are indirectly held by Intertek Group plc as at 31 December 2020. No subsidiary undertakings have been excluded from the consolidation.

Notes to the financial statements *Continued*

23 Principal Group companies *continued*

Fully owned subsidiaries

0949491 B.C. Limited
1620-400 Burrard Street, Vancouver, BC V6C 3A6, Canada

4th Strand, LLC [i]
3000 Northwoods Parkway, Suite 330, Norcross, GA 30071, United States

Acucert Labs, LLP
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
Level 3, 235 St Georges Terrace, Perth, WA 6000, 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

Ageus Solutions Inc.
505 March Road, Suite 100, Kanata, ON K2K 2V6, Canada

Alchemy Investment Holdings, Inc.
1209 Orange Street, Wilmington, New Castle, DE, 19801, United States

Alchemy Systems L.P.
5301 Riata Park Court, Building F, Austin, TX, 78727, United States

Alchemy Systems Training, Inc.
8015 Shoal Creek Blvd, Suite 100, Austin, TX, 78757, United States

Alchemy Systems Training Limited

Alchemy Training Technologies, Inc.
1 Germain Street, Suite 1500, Saint John, NB E2L 4V1, Canada

Aldo Abela Surveys Limited
98 Triq Patri Magri, Marsa, MRS 2200, Malta

Alta Analytical Laboratory, Inc. [i]
200 Westlake Park Blvd., Westlake Building 4, Suite 400, Houston, TX 77079, United States

Amtac Certification Services Limited [ii]
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Angus Management, LLC
1209 Orange Street, Wilmington, New Castle, DE 19801, United States

Architectural Testing Holdings, Inc.
2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States

Architectural Testing, Inc.
130, Derry Court, York, PA 17406, United States

Bigart Ecosystems, LLC
3011 American Way, Missoula County, Missoula MT 59808, United States

Caleb Brett Ecuador S.A.
Centro Commercial Mall del Sol, Av. Joaquín Orrantia González y Juan Tanca Marengo, Torre B, Piso 5, Oficina 505, Guayaquil, Ecuador

Cantox U.S. Inc.
100 Davidson Avenue, Suite #102, Somerset, NJ 08873, United States

Capcis Limited [ii]
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Catalyst Awareness, Inc.
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

Charon Insurance Limited [ii]
Thomas Miller (Bermuda) Ltd, Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda

Check Safety First Limited

Checkpoint Solutions Ltd

Cristal Iberica Consulting S.A.
Carrer Jaume Vidal Alcover, 9, Palma, Mallorca, 07010, Spain

Cristal International Care Limited [ii]
CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Cristal International Limited [viii] [ii]
CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Cristal Middle East SAE
22 El-Imam Ali, Almazah, Heliopolis, Cairo Governorate, Egypt

Cristal North Africa CNA
Immeuble, SOGIT Faisant angle de la rue, lac victoria, et rue du des lacs de mazurie, les berges du lac, 1053 Tunis Le bureau, B5 situé, au 2ème étage, Tunis, Tunisia

Cristal World Wide Limited [ii]

Ecristal Europe Limited [ii]
CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Ecristal Limited [i]

Electrical Mechanical Instrument Services (UK) Limited [ii]
Unit 19 & 20 Wellheads Industrial Centre, Dyce, Aberdeen, AB21 7GA, United Kingdom

Electronic Warfare Associates-Canada, Ltd
1223 Michael Street North, Suite 200, Ottawa, ON K1J 7T2, Canada

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

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]
Level 3, 235 St Georges Terrace, Perth, WA 6000, Australia

Geotechnical Services Pty Limited
Level 3, 235 St Georges Terrace, Perth, WA 6000, Australia

Global X-Ray & Testing Corporation
P.O. Box 1536, Morgan City, LA 70380, United States

Global X-Ray Holdings, Inc. [h]
112 East Service Road, Morgan City, LA 70381, United States

H.P. White Laboratory Inc.
3114 Scarboro Road, Street, MD 21154, United States

Notes to the financial statements *Continued*

23 Principal Group companies *Continued*

Hawks Acquisition Holding, Inc.
Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle, DE 19808, 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

Inspection Services (US), LLC
Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, 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 Argentina Certificaciones S.A. [(iii)]
Cerrito 1136 3rd floor CF, Ciudad Autónoma de Buenos Aires, C1010AAX, Argentina

Intertek Aruba N.V.
Lago Heights Straat 28A, San Nicolas, Aruba

Intertek Asset Integrity Management, Inc.
1710 Sens Road, La Porte, TX 77571, United States

Intertek ATI SRL
266-268 Calea Rahovei Street, Building 61, 1st Floor, Sector 5, Bucharest, Romania

Intertek Australia Holdings Pty Limited
Level 3, 235 St Georges Terrace, Perth, WA 6000, Australia

Intertek Azeri Limited
2236 Mirza Davud Str., Xatai District, Baku, AZ 1026, Azerbaijan

Intertek BA EOOD
24A Akad. Metodi Popov Str., Floor 5, Sofia, 1113, Bulgaria

Intertek Bangladesh Limited
Phoenix Tower, Plot-407 (3rd Floor), Tejgaon I/A, Dhaka, Bangladesh

Intertek Belgium NV
Kruisschansweg 11, 2040 Antwerp, Belgium

Intertek Burkina Faso Ltd Sarl [(i)]
Ouagadougou, Secteur 13, Parcelle 21, Lot 11 Section EO Arrondissement de Nongr'Masson, Ouagadougou, 11 GP 1429, Burkina Faso

Intertek C&T Australia Holdings PTY Ltd [(i)]
Level 3, 235 St Georges Terrace, Perth WA 6000, Australia

Intertek C&T Australia Pty Ltd [(i)]
Level 3, 235 St Georges Terrace, Perth WA 6000, Australia

Intertek Caleb Brett (Uruguay) S.A. [(xiv)]
Cerrito 507, 4th Floor, Of. 46 and 47, Montevideo, 11000, Uruguay

Intertek Caleb Brett Chile S.A.
Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

Intertek Caleb Brett El Salvador S.A. de C.V.
Recinto Industrial de RASA zona industrial de Acajutla, Sonsonate, El Salvador

Intertek Caleb Brett Germany GmbH
Georgswerder Bogen 3, D-21109 Hamburg, Germany

Intertek Caleb Brett Panama, Inc.
Zona Procesadora para la Exportacion de Albrook, Building 6, Ancon Panama, Panama

Intertek Caleb Brett Venezuela C.A.
2a AV El Mirador Edif. Saragon Palace Piso, PH-602/603 La Campina, Caracas, 1050, Venezuela

Intertek Canada Newco Limited
1829 32nd Avenue, Lachine, QC H8T 3J1, Canada

Intertek Capacitacion Chile Spa
Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

Intertek Capital Resources Limited

Intertek Certification AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Intertek Certification AS
Leif Weldings vei 8, 3208 Sandefjord, Norway

Intertek Certification France SAS
67 Boulevard Bessières, 75017, Paris, France

Intertek Certification GmbH
Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany

Intertek Certification International Sdn. Bhd.
6-L12-01, Level 12, Tower 2, Menara PGRM, No. 6 & 8 Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia

Intertek Certification Japan Limited
Nihonbashi N Bldg, 1-4-2, Nihonbashi - Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan

Intertek Certification Limited

Intertek Colombia S.A.
Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia

Intertek Commodities Mozambique Lda [(xvi)]
Rua 1233, NR 72 R/C, Distrito Urbano 1, Maputo, Mozambique

Intertek Consulting & Training (UK) Limited
Northpoint Aberdeen Science & Energy Park, Exploration Drive, Bridge of Don, Aberdeen, AB23 8HZ, United Kingdom

Intertek Consulting & Training (USA), Inc.
201 Energy Parkway, Suite 240, Lafayette, LA 70508, 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

Notes to the financial statements *Continued*

23 Principal Group companies *Continued*

Intertek DIC A/S
Buen 12, 2, 6000 Kolding, Denmark

Intertek do Brasil Inspecoes Ltda
Av Eng. Augusto Barata s/n, Alamoa, Santos, SP, CEP11095-650, Brazil

Intertek Egypt for Testing Services
2nd Floor, Block 13001, Piece 15, Street 13, First Industrial Zone, (Beside Abou Ghali Motors), Elobour City, Cairo, Egypt

Intertek Engineering Service Shanghai Limited
Room 308A, 3rd Floor, No. 1 Building, No.1287, Shangcheng Road, Pilot Free Trade Zone, Shanghai, China

Intertek Engineering Services (Wuhu) Ltd
No. 65 Chang Ye Street, YinHu District, Wuhu, China

Intertek Evaluate AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

Intertek Finance No. 2 Ltd [i]

Intertek Finland OY
Teknoublevardi 3-5, FI-01530 Vantaa, Finland

Intertek Fisheries Certification Limited [ii]
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Intertek Food Services GmbH
Olof-Palme-Strasse 8, 28719 Bremen, Germany

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
Level 3, 235 St Georges Terrace, Perth, WA 6000, 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 International LLC
Building 242, Office No.3, C-Ring Road, Doha, PO Box 47146, Qatar

Intertek Global Limited
1st Floor, Liberation House, Castle Street, St Helier, JE1 1GL, Jersey

Intertek Health Sciences Inc. [v]
2233 Argentia Road, Suite # 201, Mississauga, ON L5N 2X7, Canada

Intertek Holding Deutschland GmbH
Stangenstrasse 1, 70771 Leinfelden-Echterdingen, Germany

Intertek Holdings France SAS
ZAC Ecopark 2, 27400 Heudebouville, France

Intertek Holdings Italia SRL [xvi]
Via Guido Miglioli 2/A, Cernusco sul Naviglio, 20063, Milano, Italy

Intertek Holdings Nederland B.V.
Leerlooierstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

Intertek Holdings Norge AS
Oljevegen 2, Tananger, 4056, Norway

Intertek Ibérica Spain, S.L.
Alameda Recalde, 27-5., 48009, Bilbao, Vizcaya, Spain

Intertek India Private Limited
E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

Intertek Industrial Services GmbH
Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany

Intertek Industry and Certification Services (Thailand) Limited
539/2 Gypsum Metropolitan Tower, 11C Fl., Sri-Ayudhaya Road, Tanon – Phayathai Subdistrict, Khet Ratchathewi, Bangkok, 10400, Thailand

Intertek Industry Holdings (Pty) Ltd
53 Phillip Engelbrecht Drive, Woodhill Office Park Building 2, 1st Floor Unit 8B Meyersdal, Gauteng, 1448, South Africa

Intertek Industry Services (S) Pte Ltd
2 International Business Park, #10-09/10, The Strategy, 609930, Singapore

Intertek Industry Services Brasil Ltda
Alameda Mamore 503, Alphaville, Barueri-SP, 06454-040-SP, Brazil

Intertek Industry Services de Argentina S.A.
Cerrito 1136, 2nd floor CF, Ciudad Autonoma de Buenos Aires, C1010AAX, Argentina

Intertek Industry Services Japan Limited
Nihonbashi N Bldg, 1-4-2, Nihonbashi - Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan

Intertek Industry Services Romania Srl
266-268 Calea Rahovei Street, Building 61, 1st Floor, Sector 5, Bucharest, Romania

Intertek Industry WLL
Office # 24, Building 400, Road 3207, Mahooz, Block 332, Manama, Bahrain

Intertek Inspection (Malaysia) Sdn. Bhd. [xi]
D-28-3, Level 28, Menara Suezcap 1, No. 2 Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, Malaysia

Intertek Inspection Services Ltd
2561 Avenue Georges V, Montreal-Est, QC H1L 6S4, Canada

Intertek Inspection Services Scandinavia AS
Leif Weldings vei 8, 3208 Sandefjord, Norway

Intertek Inspection Services UK Limited

Intertek International France SAS
67 Boulevard Bessières, 75017, Paris, France

Intertek International Gabon SARL
Quartier Montagne Sainte - Immeuble Dumez, 2éme étage, Libreville, B.P: 13312, Gabon

Intertek International Guinee S.A.R.L. [i]
Conakry Republique de Guinee, Compte Bancaire: 52481.369.10 0 (SGBG), Conakry Guinea

Intertek International Inc.
24900 Pitkin Road, Suite 200, The Woodlands, TX 77386, United States

Intertek International Kazakhstan, LLC
Building 2A, Abay street, Atyrau City, 060002, Kazakhstan

Intertek International Limited

Intertek International Ltd Egypt
69, Road 161, Intersection with Road 104, Ground Floor, Maadi, Cairo, Egypt

Intertek International Nederland BV
Leerlooierstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

Notes to the financial statements *Continued*

23 Principal Group companies *Continued*

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, Republic of Korea
Intertek Labtest S.A.R.L
Route 110, (par Chefchaouni), Lot Saadi no. 20, Q.I. Aïn Sebaâ 20 250, 4eme Etage, Casablanca, Morocco
Intertek Management Services (Australia) Pty Ltd
Level 3, 235 St Georges Terrace, Perth, WA 6000, Australia
Intertek Med SARL AU
Zone Franche Logistique Tanger Med, Plateau Bureaux 4, Lot 130, Tanger, Morocco
Intertek Medical Notified Body AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden
Intertek Minerales Services SARL (i)
Rue KM 10, Route de Kouroussa S/P Karifamoriah, Commune Urbaine de Kankan, Guinea
Intertek Minerals Limited
Osu Badu Street, Airport Residential Area, Accra, Greater Accra, CP8196, Ghana
Intertek Myanmar Limited (i)
Classic Strand Cono, No.693/701, Room (4-A), (4th Floor), Merchant Road, Pabedan Township, Yangon, Myanmar
Intertek Nederland B.V.
Leerlooierstraat 135, 3194 AB Hoogvliet, Rotterdam, The Netherlands
Intertek Nominees Limited
Intertek OCA France SARL
Route Industrielle - Centre Routier, 76600, Gonfreville L'Orcher, France
Intertek Overseas Holdings 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 (vi)
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.
24900 Pitkin Road, Suite 200, The Woodlands, TX 77386, United States
Intertek Rus JSC
Electrozavodskaya street, 27, building 2, 125047, Moscow, Russian Federation
Intertek S.R.O
Sokolovská 131/86, Karlín, Praha 8, 186 00, Czech Republic
Intertek Saudi Arabia Limited
Southern Olaya Center, Office No. 213, Makkah Al-Mukaramah Street, P.O Box 2526, Al-Khobar, 31952, Saudi Arabia
Intertek ScanBi Diagnostics AB
Box 166, Alnarp, SE-230 53, Sweden
Intertek Secretaries Limited (i)
Intertek Semko AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden
Intertek Services (Pty) Ltd
151 Monument Road, Aston Manor, 1619, South Africa
Intertek Servicios C.A. (i)
Res. San Ignacio, Calle San Ignacio de Loyola con Avenue Francisco de Miranda, Local 3, Chacao, Caracas, Venezuela
Intertek Statius N.V.
Man 'O' War #83, Oranjestad, St. Eustatius, Netherlands Antilles
Intertek Surveying Services (USA), LLC (v)
3033 Chimney Rock Road, Suite 625, Houston TX 77056, 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, Montreal H8T 3J1, Canada
Intertek Technical Services PTY Limited
Level 3, 235 St Georges Terrace, Perth WA 6000, 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
Level 3, 235 St Georges Terrace, Perth WA 6000, 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
3F Hengyun Building, 235 Kaifa Ave, Guangzhou Economic & Technological Development District, Guangzhou, 510730, China
Intertek Testing Services (ITS) Canada Ltd
105-9000 Bill Fox Way, Burnaby BC V5J 5J3, Canada
Intertek Testing Services (Japan) K. K.
Nihonbashi N Bldg, 1-4-2, Nihonbashi - Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan
Intertek Testing Services (NZ) Limited
3 Kepa Road, Ruakaka, Northland, 0171, New Zealand

23 Principal Group companies *Continued*

Intertek Testing Services (Shanghai FTZ) Co., Ltd
Build T52-8, No. 1201, Gui Qiao Road, Jinqiao Development Area, Pudong District, Shanghai, 201206, 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
1-2/F, Building #3, 5 Gangcheng East Ring Road, Jiangbei District, 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
2-F, No. 7 GuiYuan Road, Yi Shang Hu Tong Building, Hua Yuan High-tech Industry Park, Tianjin, China

Intertek Testing Services Zhejiang Ltd
Room 262, Building B, No 126 Shuanglian Road, Haining Economic Development Zone, Haining, Jiaxing, Zhejiang, 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 [xvi]
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

IntertekGenalysis SI Limited
c/o Baoro & Associates, Top Floor, Y. Sato Building, Point Cruz, Honiara, Solomon Islands

ITS (PNG) Limited
Section 27 Allotment 27, Voco Point, Lae, Morobe Province, Papua New Guinea

ITS (Subic Bay), Inc.
Area 8 - 10, Lots 11/12 Boton Wharf, Argonaut Highway, Subic Bay, Freeport Zone, Olongapo City, Philippines

ITS Hong Kong NA, Limited [i]
2/F Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

ITS Labtest Bangladesh Limited
Phoenix Tower, Plot - 407 (3rd Floor), Tejgaon I/A, Dhaka, Bangladesh

ITS Testing Holdings Canada Limited
3771 North Fraser Way, Suite 17, Burnaby BC V5J 5G5, Canada

ITS Testing Services (UK) Limited

ITS Testing Services Co. LLC
Ras Tanura KSA, PO Box 216, 31941, Saudi Arabia

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.
2107 Swift Drive, No 200, Oak Brook, Illinois, 60523, United States

Lintec Testing Services Limited

Louisiana Grain Services, Inc. [i]
c/o CT Corp, 8550 United Plaza Blvd, Baton Rouge LA 70809, United States

Mace Land Company, Inc.
3114 Scarboro Road, Street MD 21154, United States

Management & Industrial Consultancy [i]
59 Road No.104, Second Floor, Maadi, Cairo, Egypt

Management Systems International Limited [i]

Materials Testing & Inspection Services Limited [ii]
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom

Materials Testing Lab, Inc.
145 Sherwood Avenue, Farmingdale NY 11735, United States

McPhar Geoservices (Philippines) Inc. [i]
Building 7 & 8 Philcrest 1 Compound, Km23 West Service Road, Bo. Cupang, Muntinlupa City, Philippines

23 Principal Group companies *Continued*

Melbourn Scientific Limited
Melbourn Scientific, Saxon Way, Melbourn, Hertfordshire, Royston, SG8 6DN, United Kingdom
Metoc Limited
Midwest Engineering Services, Inc.
CT Corporation System, 8020 Excelsior Dr., Suite 200, Madison WI 53717, United States
Moody (Shanghai) Consulting Co., Ltd
RM602, No.4 Building, 123 Juli Road, Zhangjiang High-Tech Park, Pudong, Shanghai, China, 201203
Moody Algerie SARL
Cité SERBAT, Bat. B2/C2, N°03, Garidi 1, 16051, Kouba, Wilaya d'Alger, Algeria
Moody Energy Technical Service Co Ltd
Room A201, B-2 East 3rd, Ring Road North Road, Chaoyang District, Beijing, 100027, China
Moody International (Holdings) Limited (vii)
Moody International (India) Private Limited
E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India
Moody International (Russia) Limited
Moody International Certification India Limited
E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India
Moody International Holdings LLC (xv)
24900 Pitkin Road, Ste. 200, The Woodlands TX 77386, United States
Moody United Certification Limited (i)
2F, No. 5 Building, 912 Bibo Road, Pudong, Shanghai, 201203, China
MT Group LLC
145 Sherwood Avenue, Farmingdale NY 11735, United States
MT Operating of New Jersey, LLC (xv)
145 Sherwood Avenue, Farmingdale NY 11735, United States
MT Operating of New York, LLC (xv)
145 Sherwood Avenue, Farmingdale NY 11735, United States
N T A Monitor Limited
NDT Services Limited
Northern Territory Environmental Laboratories Pty Ltd (i)
Level 3, 235 St Georges Terrace, Perth WA 6000, Australia
NTA Academy Limited (ii)
CVR Global LLP, Town Wall House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom
NTA Monitor (M) Sdn Bhd
No. 18-B, Jalan Kancil off Jalan Pudu, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia
Paulsen & Bayes-Davy Ltd
2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong
Petroleum Services of Union Lab Sdn. Bhd.
Suite C-7-10 (B), Level 9, Block C, UE3 Corporate Offices, Menara Uncang Emas, No 85 Jalan Loke Yew, Taman Miharja, 55200 Kuala Lumpur, Malaysia
Pittsburgh Testing Laboratory Inc.
PSI, 850 Poplar Street, Pittsburgh PA 15220, United States
Profesionales Contables en Asesoría Empresarial y de Ingenieria S.A.S.
Calle 120, No. 45A - 32, Bogota, Colombia
Professional Service Industries (Canada) Inc. (i)
200 Bay Street, Suite 3800, Royal Bank Plaza, South Tower, Toronto ON M5J 2J7, Canada
Professional Service Industries Holding, Inc.
Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States
Professional Service Industries, Inc.
Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States
PSI Acquisitions, Inc.
Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, 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
RCG Moody International Uruguay S.A.
Cerrito 507, 4th Floor, Off. 46, 47, Montevideo 11000, Uruguay
Schindler & Associates (L.C.) (i)(xv)
24900 Pitkin Road, Suite 200, The Woodlands TX 77386, United States
Shanghai Orient Intertek Testing Services Company Limited
Room 301,401, No 1,4,5, Lane 2028, Changzhong Road, Jin'an district, Shanghai, China
Shanghai Tianxiao Investment Consultancy Company Limited
Room 520, No. 5-6, Lane 1218, WanRong Road, ZhaBei District, Shanghai, China
Technical Company for Testing and Conformity Services & Systems LLC
Gates No. 1/2/6, Building 73/ Area 903, Karadah, Al Rusafa, Baghdad, Iraq
Testing Holdings Sweden AB
Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden
Tourcheck Limited (ii)
CVR Global LLP, Town Wall, House, Balkerne Hill, Colchester, Essex, CO3 3AD, United Kingdom
Tradegood Singapore Pte. Ltd (i)
3 Irving Road #05-01 to 05, Tai Seng Centre, 369522, Singapore
Tradegood.com International Limited
2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong
Van Sluys & Bayet NV
Kruisschansweg 11, 2040 Antwerp, Belgium
White Land Company, Inc.
3114 Scarboro Road, Street MD 21154, United States
Wilson Inspection X-Ray Services, Inc.
Michael E Wilson, 6010 Edgewater Dr., Corpus Christi TX 78412, United States
Wisco SE Asia PTE Limited (i)
3 Irving Road #05-01 to 05, Tai Seng Centre, 369522, Singapore
Youngever Holdings Ltd
Ritter House, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands

Related undertakings where the effective interest is less than 100%

Caleb Brett Abu Dhabi LLC (49.0%) (xix)
CB UAE (Private) Ltd, c/o Al Nahiya Group, PO Box 3728, Abu Dhabi, United Arab Emirates
Euro Mechanical Instrument Services LLC (49.0%)
PO Box 46153, Abu Dhabi, United Arab Emirates
International Inspection Services LLC (70.0%) (xix)
PO Box 193, Al Hamriyah, Muscat, PC 131, Oman
Intertek (Qeshm Island) Limited (51.0%)
Unit 107, Goldis Building, Valiasr Boulevard, Qeshm Island, Islamic Republic of Iran

Notes to the financial statements *Continued*

23 Principal Group companies *Continued*

Intertek Angola LDA (99.0%)
282 Rua Amilcar Cabral no.147 2nd floor, Apartment Z, Luanda, Angola

Intertek Caleb Brett Tzn Limited (87.4%)
Plot number 5, Minizani str.-Opposite Roman Catholic Church, Kilwa Road, Kurasini Temeke, Dar Es Salaam, 15109, United Republic of Tanzania

Intertek ETL SEMKO KOREA Limited (90.0%)
5F, Intertek building, Gongdan-ro, 160beon-gil 3, Gunpo-si, Gyeonggi-do, 15845, Republic of Korea

Intertek GM Testing Service Zhuhai Co., Ltd (70.0%)
55 Guangdong-Macau TCM Park Commercial Service Center, 2522 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 Kimsco Co., Ltd (50.0%)
9F, Hansan Building, 115, Seosomun-ro, Jung-gu, Seoul, 04515, Republic of 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%)
Room 401, Building #5-6, Lane 1218, WanRong Road, JinAn District, Shanghai, Shandong, China

Intertek Ltd (99.9%)
Borco Administration Bldg, West Sunrise Highway, Freeport, Grand Bahama, The Bahamas

Intertek - QNP LLP [xviii] (51.0%)
Building 2A, Abay street, Atyrau City, 060002, Kazakhstan

Intertek Robotic Laboratories Pty Limited (50.0%)
Level 3, 235 St Georges Terrace, Perth WA 6000, Australia

Intertek South Africa Holdings (Pty) Ltd (75.0%)
5th Floor, Charter House, 13 Brand Road, Glenwood, Kwazulu-Natal, South Africa

Intertek Test Hizmetleri Anonim Sirketi (85.0%)
Merkez Mahallesi, Sanayi Cad. No.23, Altindag Plaza, Yenibosna-34197, Istanbul, Turkey

Intertek Testing Services (South Africa) (Proprietary) Limited (49.5%)
5th Floor, Charter House, 13 Brand Road, Glenwood, Durban, South Africa

Intertek Testing Services Korea Limited (50.0%)
1st Fl., Aju Digital Tower, 284-56, Seongsu-dong 2-ga, Seongdong-gu, Seoul 133-120, Republic of Korea

Intertek Testing Services Nigeria Limited (60.0%)
No. 2 Bombay Crescent, Apapa, Lagos, Nigeria

Intertek Testing Services Sichuan Co., Ltd (90.0%)
No 1, Jiuxiang Blvd, Pharmacy Industry Park, Luzhou National High Technology District, Sichuan, China

Intertek Testing Services Wuxi Ltd (70.0%)
No. 8 Fubei Road, Xishan Economic Development Zone, Wuxi, Jiangsu, 214101, China

ITS Caleb Brett Deniz Survey A S [xviii] (50.0%)
Ulus Mah. Oz Topuz cad. no.32, Besiktas, Istanbul, 34340, Turkey

ITS Testing Services (M) Sdn Bhd (74.0%)
Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

ITS Testing Services Holdings (M) Sdn Bhd (49.0%)
Unit 30-01 Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

Moody International Angola Ltda [i] [xvi] (78.6%)
Rua de Macau, Edifico ex Edil Apto 1, Res de Chao Esq. C.P 215, Cabinda, Angola

Moody International Bangladesh Limited (99.9%)
House 6, Road 17/A, Block E, Ground Floor, Banani, Dhaka, 1213, Bangladesh

Moody International Holdings Chile Ltda (99.0%)
Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

Moody International Lanka (Private) Ltd (99.9%)
no.5, St Albans Place, Colombo-4, Sri Lanka

Moody International Philippines, Inc. [i] (92.5%)
Intertek Building, 2310 Chino Roces Avenue Extension, Metro Manila, Makati City, 1231, Philippines

PT Citrabuana Indoloka [xviii] (50.0%)
Jl. Raya Bogor KM 28, RT/RW. 04/07, Kel. Pekayon, Kec. Pasar Rebo, Jakarta Timur, 13710, Indonesia

PT. Intertek Utama Services [xviii] (49.0%)
Jl. Raya Bogor KM. 28, RT/RW. 04/07, Kel. Pekayon, Kec. Pasar Rebo, Jakarta Timur, 13710, Indonesia

Qatar Calibration Services LLC (49.0%)
Petrotec, PO Box 16069, 8th Floor, Toyota Tower, Doha, Qatar

RCG Moody International de Venezuela S.A. [i] (99.0%)
Res Morgana, p_4, #04, Av.Andres Bello, Fco de Miranda, Los Polos Grandes, Caracas, Venezuela

Shanghai Moody Management & Technical Services Co. Ltd [i] (90.0%)
Room 225, No. 14 at Lane No. 1700 Luo Shan Road, Shanghai, China

Société Tunisienne Intertek Caleb Brett SARL (51.0%)
67 rue Ech-Chem, Tunis, 1002, Tunisia

The Wine Warehouse (Chepstow) Management Company Limited (75.0%)
The Wine Warehouse, The Back, Chepstow, Monmouthshire, NP16 5HH

Associates

Intertek Geronimo JV Limited [i] (48.9%)
1, North Industrial Area, Klan Street, Accra, Ghana

Lynx Diagnostics Inc. [xviii] (50.0%)
#220, 8 Perron Street, St Albert AB T8N 1E4, Canada

Moody International Certification Ltd (40.0%)
53, Nautic, Triq l-Ortolan, San Gwann, SGN 1943, Malta

Moody International Morocco (30.0%)
28, Rue de Provins, 2 eme etage, Casablanca, Morocco

Moody International SA (35.0%)
4 Rue Des Brasseurs, Zone 3 Abidjan, Côte d'Ivoire

(i) Dormant.
(ii) In Liquidation/Strike off requested
(iii) Ownership held in class A and B shares
(iv) Ownership held in class A and E shares.
(v) Ownership held in class A, B, C, D and E shares.
(vi) Ownership held in class A, B, C, D, E and F shares.
(vii) Ownership held in class ordinary and ordinary-A shares.
(viii) Ownership held in class ordinary, ordinary-A, ordinary-B and deferred shares.
(ix) Ownership held in ordinary and preference shares.
(x) Ownership held in ordinary and redeemable shares.
(xi) Ownership held in ordinary and redeemable preference shares.
(xii) Ownership held in No.1, No.2.1 and No.2.2 shares.
(xiii) Ownership held in class I Series B shares and class II Series B shares.
(xiv) Ownership held in ordinary bearer shares.
(xv) Ownership held in membership units.
(xvi) Ownership held in quota capital shares.
(xvii) Ownership held in charter capital.
(xviii) Intertek shares joint control over the company under a shareholders' agreement
(xix) The Group obtains 93% of the economic benefit of the company

Intertek Group plc – Company balance sheet

As at 31 December	Notes	2020 £m	2019 £m
Fixed assets			
Investments in subsidiary undertakings	(E)	**342.2**	339.6
Current assets			
Debtors due within one year	(F)	420.5	694.2
Debtors due after more than one year	(F)	-	121.3
		420.5	815.5
Cash at bank and in hand		0.9	0.1
		421.4	815.6
Creditors due within one year			
Other creditors	(G)	(6.6)	(448.2)
		(6.6)	(448.2)
Net current assets		**414.8**	367.4
Total assets less current liabilities		**757.0**	707.0
Net assets		**757.0**	707.0
Capital and reserves			
Called up share capital	(H)	1.6	1.6
Share premium	(H)	257.8	257.8
Retained earnings	(H)	497.6	447.6
Shareholders' funds		**757.0**	707.0

The profit for the financial year was £222.4m (2019: £197.2m).

The financial statements on pages 184 to 188 were approved by the Board on 1 March 2021 and were signed on its behalf by:

André Lacroix
Chief Executive Officer

Ross McCluskey
Chief Financial Officer

Company number: 04267576

Intertek Group plc – Company statement of changes in equity

	Notes	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
At 1 January 2019		1.6	257.8	425.3	684.7
Total comprehensive income for the year					
Profit	(B)	-	-	197.2	197.2
Total comprehensive income for the year		-	-	197.2	197.2
Transactions with owners of the company recognised directly in equity					
Contributions by and distributions to the owners of the Company					
Dividends paid	(D)	-	-	(163.2)	(163.2)
Purchase of own shares		-	-	(23.1)	(23.1)
Tax paid on Share Awards vested		-	-	(10.5)	(10.5)
Equity-settled transactions	(E)	-	-	21.9	21.9
Total contributions by and distributions to the owners of the Company		-	-	(174.9)	(174.9)
At 31 December 2019		1.6	257.8	447.6	707.0
At 1 January 2020		**1.6**	**257.8**	**447.6**	**707.0**
Total comprehensive income for the year					
Profit	(B)	-	-	222.4	222.4
Total comprehensive income for the year		-	-	**222.4**	**222.4**
Transactions with owners of the company recognised directly in equity					
Contributions by and distributions to the owners of the Company					
Dividends paid	(D)	-	-	(170.4)	(170.4)
Purchase of own shares		-	-	(12.2)	(12.2)
Tax paid on Share Awards vested		-	-	(7.5)	(7.5)
Equity-settled transactions	(E)	-	-	17.7	17.7
Total contributions by and distributions to the owners of the Company		-	-	(172.4)	(172.4)
At 31 December 2020		**1.6**	**257.8**	**497.6**	**757.0**

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').

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.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('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.

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.

Significant new accounting policies and standards

No significant new accounting policies or standards were adopted in the year ending 2020.

Notes to the Company financial statements *Continued*

(B) Profit and loss account
Amounts paid to the Company's auditor 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 (2019: nil).

Details of the remuneration of the Directors are set out in the Remuneration report.

(C) Use of judgements and estimates
In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below. There are no critical estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

Judgements
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.

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.

(D) Dividends
The aggregate amount of dividends comprises:

	2020 £m	2019 £m
Final dividend paid in respect of prior year but not recognised as a liability in that year	115.3	108.2
Interim dividends paid in respect of the current year	55.1	55.0
Aggregate amount of dividends paid in the financial year	**170.4**	163.2

The aggregate amount of dividends proposed and recognised as liabilities as at 31 December 2020 is £nil (2019: £nil). The aggregate amount of dividends proposed and not recognised as liabilities as at 31 December 2020 is £115.6m (2019: £115.7m).

(E) Investment in subsidiary undertakings

	2020 £m	2019 £m
Cost and net book value		
At 1 January	339.6	334.4
Additions due to share-based payments	17.7	21.9
Recharges of share-based payments to subsidiaries	(15.1)	(16.7)
At 31 December	**342.2**	339.6

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 £17.7m (2019: £21.9m). 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 2020: 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 (2019: £nil).

Notes to the Company financial statements *Continued*

(F) Debtors

	2020 £m	2019 £m
Amounts owed by Group undertakings – due within one year	420.5	694.2
Amounts owed by Group undertakings – due in more than one year	-	121.3
Total debtors	**420.5**	815.5

The amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. A mixture of the amounts due are interest bearing and interest free.

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, including contract assets. The provision calculations are based on a review of all receivables to see if 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.

(G) Creditors due within one year

	2020 £m	2019 £m
Amounts owed to Group undertakings	**6.6**	448.2

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 £170.4m (2019: £163.2m), was £222.4m (2019: £197.2m) which was mainly in respect of dividend income in relation to 2020.

The Company has sufficient distributable reserves to pay the 2020 final dividend and the anticipated 2021 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 2020 amounting to £8.5m (2019: £11.6m) of which the Company settled £7.5m (2019: £10.5m).

During the year ended 31 December 2020, the Company purchased, through its Employee Benefit Trust, 225,165 (2019: 459,078) of its own shares with an aggregate nominal value of £2,252 (2019: £4,591) for £12.2m (2019: £23.1m) which was charged to profit and loss in equity.

(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 £4.0m at 31 December 2020 (2019: £2.8m).

From time to time, in the normal course of business, the Company may give guarantees in respect of certain liabilities of subsidiary undertakings.

(K) Post-balance sheet 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 2020 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 international accounting standards in conformity with the requirements 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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated statement of financial position and company balance sheet as at 31 December 2020; the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of cash flows, and the 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.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1 to the group financial statements, the group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 to the group.

Other than those disclosed in the Directors' Report, we have provided no non-audit services to the group in the period under audit.

Our audit approach

Overview

Audit scope

- We performed full scope audit procedures over 59 legal entities and performed specific audit procedures on a further 6 entities, covering 29 territories in total.
- Taken together, the entities over which audit work was performed accounted for 81% of the group's revenue and 90% of the group's statutory profit before tax.
- Due to the current restrictions on travel and social distancing measures, enacted in response to the global COVID-19 pandemic, the group engagement team used video conferencing to oversee the component auditor work and conducted remote discussions and review activities to understand and supervise the work of the local teams.

Key audit matters

- Completeness and valuation of customer claims (group)
- Carrying value of goodwill and intangible assets (group)
- Valuation of defined benefit pension scheme liabilities (group)
- Valuation of current tax balances in relation to transfer pricing risk (group)
- Impact of COVID-19 (group and parent)

Materiality

- Overall group materiality: £19,700,000 (2019: £22,000,000) based on 5% of the weighted average profit before tax of 2018–2020.
- Overall company materiality: £7,600,000 (2019: £11,500,000) based on 1% of total assets.
- Performance materiality: £14,775,000 (group) and £5,700,000 (company).

Independent Auditors' Report *Continued*
to the members of Intertek Group plc

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.

Capability of the audit in detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, 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 indirect and direct tax 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 preparation of the financial statements such as the Companies Act 2006. 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 posting inappropriate or fictitious journal entries to manipulate the financial performance or financial position of the group and management bias in accounting estimates to achieve management incentive schemes and targets. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiry of management, those charged with governance and the group's legal counsel around actual and potential fraud and non-compliance with laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.
- Enquiry of group's staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Obtaining and understanding the results of whistleblowing procedures and assessing any related investigations.
- Enquiry of the group's Head of Internal Audit and reviewing internal audit reports.
- 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.

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.

The Impact of COVID-19 is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Completeness and valuation of customer claims (group) Refer to the Audit Committee report on page 98 and to note 13 in the financial statements. As an assurance provider, the group can be subject to claims from customers and consumers relating to its work, and the geographically diverse nature of the group means there is a risk that one or more significant claims are omitted from the centrally maintained claims register. Where customer claims may give rise to a future liability, the Directors are required to either recognise a liability or disclose a contingent liability in the financial statements. As the potential cost is often unknown, management must exercise judgement as to whether a liability should be recognised or a specific disclosure is required.	We met with the group's legal counsel to discuss certain open or threatened claims to understand the likelihood of an adverse judgement and the potential magnitude of the claim. We have evaluated management's process for identifying claims and have inspected the details of legal costs incurred during the year. Where relevant we obtained confirmations from the group's external legal counsels of the existence and details of key open claims. We obtained and read the relevant sections of the group's insurance documents and checked that any liability cap had been appropriately applied to the calculation of provision held against those claims. Through our work, we did not identify any material claims that had not been recorded centrally and provided for, or for which provision was not appropriate.

Independent Auditors' Report *Continued*
to the members of Intertek Group plc

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill and intangible assets (group) Refer to the Audit Committee report on page 98 and to note 9 in the financial statements. The group had £835.9 million of goodwill and a further £279.7 million of other intangible assets recognised on the balance sheet at 31 December 2020. The carrying values of goodwill and intangible assets are dependent on future cash flows of the underlying Cash Generating Units ("CGUs") and there is a risk that, if these cash flows do not meet the directors' expectations, the assets may be impaired. Accounting standards require management to perform an annual assessment of the carrying value of goodwill, and other intangible assets are assessed where there are indications that they are impaired. As this assessment is based on the future value in use, and a significant amount of value is based on the value to perpetuity of the CGUs, future cash flows must be estimated, which can be highly judgemental and could significantly impact the carrying value of the assets.	We evaluated management's cash flow forecasts and understood the process by which they were determined and approved. This included confirming that the forecasts were consistent with the latest Board approved budgets and checking the methodology and mathematical accuracy of the underlying calculations, with no exceptions identified. We evaluated the inputs included in the value in use calculations and challenged the key assumptions, particularly for the higher risk CGUs, Business Assurance and Caleb Brett, by obtaining evidence including in respect of: • the growth rates used in the cash flow forecasts by comparing them with historical results, external forecasts and our understanding of the business; • using our in-house valuation expertise 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 to publicly available market data on projected growth rates in key territories such as the UK, USA and China. We performed sensitivity analyses around these assumptions. We also challenged the extent to which climate change considerations had been reflected, as appropriate, in management's impairment assessment process. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for an impairment to arise, we considered the likelihood of such a movement occurring. Our testing did not identify any indicators of impairment, and that it would require significant downside changes before any impairment would be triggered. In addition, we assessed the appropriateness of the CGUs used in the impairment assessment, the useful economic lives of the intangible assets and the related disclosures and concluded that these were appropriate.
Valuation of defined benefit pension scheme liabilities (group) Refer to the Audit Committee report on page 98 and to note 16 in the financial statements. The group had net and gross pension liabilities of £12.1 million and £162.5 million respectively recognised on the balance sheet at 31 December 2020. 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 in-house 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 consider them to be appropriate.

Independent Auditors' Report *Continued*
to the members of Intertek Group plc

Key audit matter	How our audit addressed the key audit matter
Valuation of current tax balances in relation to transfer pricing risk (group) Refer to the Audit Committee report on page 98 and to notes 1, 6 and 22 in the financial statements. Provisions in relation to potential tax exposures are subject to judgement and involve estimation techniques that could influence the current tax positions. The group operates in a large number of jurisdictions, which increases the risk of non-compliance in relation to transfer pricing considerations relating to intercompany financing, management recharges and trading transactions. The individually largest uncertain tax position within the group is in relation to EU State Aid where no liability has been recognised; the group considers that the possible amount of additional tax payable remains between £nil and £16.3m (excluding interest and penalties) as set out in note 22.	We involved our in-house tax specialists in our testing of the appropriateness of the techniques, estimates and judgements taken over current tax balances in relation to the transfer pricing risk. In so doing, we evaluated: • Third party tax advice received by the group; • The status of recent and current tax authority audits and enquiries; • The outturn of previous claims; • Judgemental positions taken in tax returns and current year estimates; and • Management's methodology, calculations and assumptions utilised in provisions recorded, or rationale for not recording a provision. Specifically in relation to EU State Aid we considered the developments in the year and the evidence provided to support the assessment that no current tax liability is recognised. The procedures above did not identify any material issues with regards to the valuation of current tax balances. We assessed the related State Aid disclosures included in the group financial statements and consider them to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 (group and parent) Refer to the Audit Committee report on page 98 and to notes 1 and 11 in the financial statements The COVID-19 pandemic has had an adverse impact on the trading performance of the group during the year. Whilst the group has a broad customer base across its multiple business lines and in its different geographic regions, there is inherent uncertainty in determining the impact of the pandemic on certain aspects of the financial statements. The key potential impacts of COVID-19 on the group and parent company financial statements are: • The carrying value of goodwill and other intangible assets, as the budgets and models supporting the goodwill and indefinite-lived intangible impairment assessments have been updated to reflect management's best estimate of the impact of COVID-19. • These models and related assumptions also underpin management's going concern and viability assessments. Management has modelled severe but plausible downside scenarios to its base case trading forecast. The recoverability of receivable balances involves an increased level of judgement as a consequence of the COVID-19 pandemic and its impact on the wider economic environment. The gross trade receivables and contract assets balance was £552.9 million, with an associated allowance for impairment of £24.2 million, resulting in a net trade receivables and contract assets balance of £528.7 million. The pandemic has resulted in the year end financial close process, as well as the external audit, having to take place largely remotely in a number of locations this year.	We validated that the cash flow forecast models used across the goodwill impairment, going concern and viability assessments were consistent. Our procedures in respect of the goodwill and indefinite-lived intangible asset impairment assessments are covered in the related key audit matter above. With respect to management's going concern assessment, our procedures are covered in the 'conclusions relating to going concern' section below. We have instructed our component teams to assess the recoverability of receivable balances, in particular for aged balances. We have assessed the reasonableness of the group's expected credit losses on receivable balances in accordance with IFRS 9. There were no material individual impairments of trade receivables or contract assets. We also instructed our component teams to understand if there were any changes to management's planned operation of controls or monitoring activities. Based on our work, we did not identify any evidence of material deterioration in the control environment. We increased the frequency and extent of our oversight over component audit teams, using video conferencing and remote working paper reviews, to satisfy ourselves as to the appropriateness of audit work performed at financially significant and material components. We considered the appropriateness of management disclosures in the financial statements in respect of the impact of the current environment and the increased uncertainty on certain accounting estimates and consider these to be appropriate. In those locations where we have undertaken much of our year end work remotely, we did not encounter any significant difficulties in performing our audit testing or in obtaining the required evidence to support our audit conclusions.

Independent Auditors' Report *Continued*
to the members of Intertek Group plc

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 countries and approximately 500 legal entities. The results are not consolidated at a country 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 only three individually financially significant legal entities, two within China and one within the United States. As a result, we instructed our component teams to perform audits of the complete financial information of these entities.

We considered the countries in which PwC are appointed statutory auditor. Of these, 22 countries (including China) accounted for the majority of external profit, and we therefore focused our considerations on these territories. Within these countries, we then excluded any legal entities with no external balances, such as intermediate holding companies, and those entities with highly immaterial revenue. This left 49 legal entities (including the two financially significant legal entities in China) for which we instructed our local teams to perform audits of the complete financial information for the purpose of the group audit. In addition, we performed full scope audit procedures over two head office legal entities.

In certain territories, notably the US, Canada and Brazil, there is no statutory audit requirement and so we considered whether procedures needed to be performed to supplement our coverage. We selected seven of the largest entities in the United States and Canada for full scope audits (including the financially significant component in the United States), representing those with the largest contribution to group profit, and a further legal entity in each of the United States and Brazil, over which we performed specified procedures over the complete financial information.

We instructed a local audit firm to perform an audit of the complete financial information for one legal entity in Bangladesh for the purpose of the group audit.

We identified a further four legal entities in Japan, Peru 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 65 legal entities in 29 countries, which together accounted for 81% of the group's revenue and 90% of the group's profit before tax.

This, together with additional procedures performed at the group level (including audit procedures over tax, legal claims, defined benefit pension schemes, impairment assessments and consolidation adjustments), gave us the evidence we needed for our opinion on the financial statements as a whole.

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	£19,700,000 (2019: £22,000,000).	£7,600,000 (2019: £11,500,000).
How we determined it	5% of the weighted average profit before tax of 2018-2020.	1% of total assets.
Rationale for benchmark applied	We considered that the most appropriate benchmark on which to calculate materiality was the group's profit before tax. Given the volatility in profitability in 2020 as a result of COVID-19, we based our materiality on a weighted average for three years of the group's profit before tax.	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 CA 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 £1.2 million and £6.9 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

Independent Auditors' Report *Continued*
to the members of Intertek Group plc

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% of overall materiality, amounting to £14,775,000 for the group financial statements and £5,700,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £900,000 (group audit) (2019: £1,100,000) and £900,000 (company audit) (2019: £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 downside 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
- Performing our own independent sensitivity analysis to assess appropriate downside scenarios
- Assessing the reasonableness of management's planned or potential mitigating actions.

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 company's 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.

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. 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 2020 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 Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent Auditors' Report *Continued*
to the members of Intertek Group plc

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 relating to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

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.

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*
to the members of Intertek Group plc

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 Directors' Remuneration 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 five years, covering the years ended 31 December 2016 to 31 December 2020.

Ian Chambers (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

1 March 2021

Shareholder and corporate information

Shareholders' enquiries
Any shareholder with enquiries relating to their shareholding should, in the first instance, contact our Registrar, Equiniti, using the telephone number or the address on this page.

Electronic shareholder communications
Shareholders can elect to receive communications by email each time the Company distributes documents, instead of receiving paper copies. This can be done by registering 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 Shareview allows shareholders to view details about their holdings, submit a proxy vote for shareholder meetings and notify a change of address. In addition to this, shareholders have the opportunity to 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. The Orr Mackintosh Foundation operates this charity share donation scheme. 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 2020
Results announced	2 March 2021
Annual General Meeting	26 May 2021
Ex-dividend date for final dividend	27 May 2021
Record date for final dividend	28 May 2021
Final dividend payable	18 June 2021
Interim results announced	30 July 2021
Ex-dividend date for interim dividend	16 September 2021
Record date for interim dividend	17 September 2021
Interim dividend payable	7 October 2021

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