INTERTEK HAS BEEN A PIONEER FOR 130 YEARS

Intertek’s rich history reaches back over 130 years to some of the world’s leading pioneers in the Quality Assurance industry. Today we are a global force and continue to innovate to offer superior customer service.

- **1885**: Caleb Brett founds his cargo certification business in the UK
- **1885**: Milton Hersey establishes his chemical testing lab in Canada
- **1888**: Thomas Edison sets up the Lamp Testing Bureau in the US (this later becomes the Electrical Testing Laboratories or ETL – a mark that Intertek still applies today)
- **1896**: Caleb Brett founds his cargo certification business in the UK
- **1911**: Virginius Daniel Moody founds the Moody International oil and gas testing and certification business in the US
- **1925**: SEMKO (the Swedish Electronic Equipment Control Office) is founded
- **1927**: Charles Warnock company is created in Canada to inspect steel products
- **1973**: Labtest is established in Hong Kong, initially to focus on testing textiles
1987 | Inchcape Testing Services (ITS, the future Intertek) is founded and completes the purchase of Caleb Brett

1988 | ITS acquires ETL

1989 | ITS enters the Chinese market

1994 | ITS acquires SEMKO

1996 | Inchcape sells ITS to Charterhouse Development Capital. ITS is renamed Intertek

2002 | Intertek lists on the London Stock Exchange

2009 | Intertek enters the FTSE 100 index

2011 | Intertek acquires Moody International

2015 | Intertek acquires the PSI building and construction assurance business

2016 | Intertek acquires the PSI building and construction assurance business

**INTERTEK IN 2016**

**EMPLOYEES**

42,000

**COUNTRIES OPERATING IN**

100+

**LABS AND OFFICES**

1,000+

**ACQUISITIONS**

FIT-Italia

Food quality assurance business

EWA-Canada

Cyber security assurance business

ABC Analytic

Joint Venture with environmental quality assurance business in Mexico

**EXCITING GROWTH OPPORTUNITIES IN THE $250BN GLOBAL ATIC* MARKET**

Existing customers:

- Increase account penetration
- ATIC cross-selling

New customers:

- New contracts

Existing & new customers:

- Outsourcing

$50bn currently outsourced

$200bn currently in-house

* ATIC - Assurance, Testing, Inspection and Certification
EXCITING GROWTH OPPORTUNITIES

The global ATIC market is worth $250bn. As companies seek to outsource their quality assurance activities, Intertek is uniquely positioned to be their end-to-end Quality Assurance partner.

WHY OUTSOURCE?

Companies are facing an increased number of challenges driven by the growing complexity in their operations creating unprecedented levels of supply chain risk.

From increasingly decentralised manufacturing to multiple distribution channels with the release of immediate news in social media, the risks of doing business in an increasingly transparent global market place are escalating fast.

As a result, demand is growing among companies for Total Quality Assurance solutions that extend above and beyond the quality and safety of physical components, products and assets to embrace and maximise the reliability of their processes and management.

At Intertek, our global scale means we have more than 1,000 Testing, Inspection and Certification laboratories in over 100 countries across the world. And our 42,000 employees include 3,000 Assurance auditors carrying out more than 100,000 audits every year.

We have evolved our Quality Assurance offering to meet the growing needs of our customers with our ATIC solutions.
$50BN
CURRENTLY OUTSOURCED

EXISTING CUSTOMERS:
Increase account penetration
ATIC cross selling

NEW CUSTOMERS:
New contracts

$200BN
CURRENTLY IN-HOUSE

EXISTING & NEW CUSTOMERS:
Outsourcing
INCREASING DEMAND FOR TOTAL QUALITY ASSURANCE

DECENTRALISED MANUFACTURING INCREASING THE NUMBER OF SOURCING LOCATIONS

Customers' growing demand for value is driving the use of low-cost materials

The quality of manufacturing capabilities in emerging markets is improving

Faster communications and better infrastructure make decentralised low-cost sourcing operations the preferred footprint

CORPORATIONS' SUPPLY CHAIN OPERATIONS ARE GROWING IN COMPLEXITY...

AS GREATER COMPLEXITY ESCALATES RISK IN THE SUPPLY AND DISTRIBUTION CHAIN...
...AND DISTRIBUTION CHANNELS ARE BECOMING MORE GLOBAL, DIVERSE AND INTERTWINED.

Consumers are demanding greater product and brand variety

The share of global demand from emerging markets is rising

Access to technology in developed and emerging markets is accelerating product innovation

Increasing numbers of trade channels make the traceability of quality complex

Global social media adoption makes it easy for consumers to share their experience online

... CORPORATIONS NOW LOOK FOR A SYSTEMIC APPROACH TO QUALITY ASSURANCE
INTERTEK WELL POSITIONED TO SEIZE GROWTH OPPORTUNITIES

We are constantly evolving our services to help customers manage the increasingly complex risks they face.

OUR SERVICES

Our ATIC services provide our customers with Total Quality Assurance (‘TQA’).

ASSURANCE

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

TESTING

Evaluating how our customers’ products and services meet and exceed quality, safety, sustainability and performance standards.
In 2015 we took the pioneering step of placing Assurance at the forefront of our product offering, and have renamed the industry ‘ATIC’ (Assurance, Testing, Inspection and Certification).

During 2016, we conducted in-depth research with 600 customers across the globe. Customers are challenged by the increased complexities of their supply chains and now need a Total Quality solution that looks beyond TIC services to one that gives them an additional service, the Assurance that their operating processes and quality management systems are operating properly.

Elevating the role of Assurance helps our customers to operate more safely, more effectively and with greater peace of mind.

True to our pioneering heritage, we are leading the industry to meet the growing needs of our customers with our Total Quality Assurance proposition that offers our Assurance, Testing, Inspection and Certification solutions to our clients worldwide.

**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.
END-TO-END QUALITY ASSURANCE ON A GLOBAL SCALE

We are uniquely positioned to benefit from exciting ATIC growth opportunities in markets across the world.

GLOBAL MARKET LEADER IN ASSURANCE

- AUDITORS: 3,000+
- AUDITS: 100,000+

GLOBAL MARKET LEADER IN TESTING, INSPECTION AND CERTIFICATION

- LAB AND OFFICES: 1,000+
- COUNTRIES: 100+

OUR SECTORS

We focus our operations and expertise on three global sectors – Products, Trade and Resources.

Read more in our Operating Reviews on page 24.

PRODUCTS

Structural drivers include quality solutions and sustainability demand, R&D, regulation, brand and supply chain expansion and risk management.

Read more on page 24.

BUSINESS LINES

- Softlines
- Hardlines
- Electrical
- Network Assurance
- Business Assurance
- Building & Construction
- Transportation Technologies
- Food
- Chemicals & Pharma
- Health, Environmental & Regulatory Services
- Product Assurance

OUTLOOK

Continuing growth from expanding investment in quality and innovation

REVENUE

£1,466m

OPERATING PROFIT*

£298m

* Adjusted operating profit
TRADE
Structural drivers include: global GDP growth, quality and quantity control requirements during transportation
Read more on page 28

RESOURCES
Structural drivers include: capex & opex investment, increased resources activity and long-term demand for energy
Read more on page 30

BUSINESS LINES
• Cargo & Analytical Assessment
• Government & Trade Services
• AgriWorld
• Sustainability

OUTLOOK
Global and regional trade flow growth

BUSINESS LINES
• Industry Services
• Minerals

OUTLOOK
Long-term growth

REVENUE
£584m

OPERATING PROFIT*
£82m

REVENUE
£517m

OPERATING PROFIT*
£30m
OUR DIFFERENTIATED 5x5 STRATEGY FOR GROWTH

Our 5x5 strategy aims to move the centre of gravity of the Company towards high growth and high margin areas in the industry.

Our purpose
Bringing quality and safety to life.

Our vision
To become the world’s most trusted partner for Quality Assurance.

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

Our 5 STRATEGIC PRIORITIES

STRONG BRAND PROPOSITION
- Position Intertek as the leading Quality Assurance provider
- Improve brand awareness across sectors and geographies
- Compelling Total Quality Assurance brand positioning

SUPERIOR CUSTOMER SERVICE
- Build customer loyalty and win new customers
- TQA customer service delivered consistently
- Innovative ATIC solutions

EFFECTIVE SALES STRATEGY
- Increase existing account penetration
- Drive ATIC cross selling
- Business development with new accounts

GROWTH AND MARGIN ACCRETIVE PORTFOLIO
- Prioritised business lines, geographies and service areas
- Invest in areas with good growth and good margin prospects
- Disciplined resource, capital and people allocation

OPERATIONAL EXCELLENCE
- Continuous improvement to drive productivity
- Best in class management to reduce span of performance
- Eliminate non-essential costs – facilities/offices/processes/purchasing
Decentralised organisational model

We operate a decentralised organisational model with common core operating principles that leverages the talent of our people.

Empowered to make a difference, our people are close to the market opportunities and can react fast to the growing needs of our customers.

By doing so, they provide the ultimate Intertek differentiator that enables us to deliver truly bespoke Total Quality Assurance solutions that are at the heart of our drive for global growth.
Intertek’s earnings model is based on our value proposition of providing customers in the Products, Trade and Resources sectors across 100+ countries with high-quality Assurance, Testing, Inspection and Certification services.

We are strongly focused on cash conversion and pursue an accretive disciplined approach to capital allocation to augment organic growth with selective acquisitions and capex investments.
OUR EARNINGS MODEL

Our earnings model is built on three core pillars:

1. **Trade**
   - GDP Growth
   - Strong Free Cash Flow
   - Disciplined Capital Allocation

2. **Resources**
   - Long-Term Growth
   - CAPEX/M&A
   - Investments in Growth

3. **Testing, Inspection, Certification**
   - Our Services
   - Read more on page 6

Our mid- to long-term value creation is driven by these pillars.
In 2016, we delivered strong revenue, earnings and cash performance and continued to make progress with the implementation of our 5x5 strategy for growth.

The Group has delivered a strong revenue, earnings and cash performance, reflecting the Group’s performance management discipline focused on margin-accretive revenue growth with strong cash conversion and accretive disciplined capital allocation. We have announced a full year dividend of 62.4p, an increase of 19.3%, in line with our progressive dividend policy and underpinned by our excellent cash generation.

The Products and Trade related divisions, which represent over 90% of the Group’s earnings, delivered an excellent performance with organic growth of 4.1% at constant rates while, as expected, trading conditions continued to be challenging in the Resources-related division. The recent acquisitions delivered an excellent performance contributing £242m of additional revenue.

Moving forward, the growth opportunities are very attractive and Intertek is very well positioned to seize these as we execute our differentiated 5x5 strategy for growth. We will leverage our position as a global market leader in the developing Assurance, Testing, Inspection and Certification (ATIC) industry, and we see tremendous opportunities ahead as we leverage our high-quality, cash-generative earnings model.

To contextualise the growth opportunities ahead, let’s start by setting out the historical and continuing development of global trade. This explains why it was so important to our customers that Intertek took the step more than a year ago of evolving its scope by adding Assurance (‘A’) to the established Testing, Inspection and Certification (‘TIC’) service offering. With our differentiated Total Quality Assurance (‘TQA’) value proposition, Intertek is well positioned to seize these exciting opportunities and has the action plans in place to accelerate growth.

This is what we call our ‘good to great’ journey.

QUALITY ASSURANCE NEEDS ARE EVOLVING

Intertek Group plc was born over 20 years ago in 1996, when it was acquired as part of a management buy-out from the Inchcape Group and subsequently floated on the London Stock Exchange. Its roots go back much further than this, to the 1880s, when the founding fathers of the companies that ultimately formed Intertek included one Thomas Edison and gave birth to a rich entrepreneurial heritage that thrives in our company today.

This history is important, because it has been across this time-frame that global trade has developed to the level it is at today. Even as comparatively recently as 50 years ago, the great majority of companies sourced, produced and supplied locally, essentially for domestic customers. Clearly, major trading nations were already transacting with one another, but it is estimated that international trade represented just 25% of global GDP at the time. Levels of trade grew during the 1970s and 80s, when the founding fathers of the companies that ultimately formed Intertek included one Thomas Edison and gave birth to a rich entrepreneurial heritage that thrives in our company today.

Today, we operate in a truly global market in which international trade accounts for nearly 60% of total global GDP.

The ever-more complex operations that result from a global supplier base have created tremendous growth opportunities for Intertek over the years.

To describe what we mean about this complexity, the automotive industry provides us with an excellent example of the impact of cost-driven, decentralised sourcing from a variety of locations.
In this industry, a manufacturer will source its gearboxes from a Tier-1 supplier. This supplier, in turn, will have sourced components from a network of Tier-2 suppliers, and these will have sourced their raw materials from a number of Tier-3 suppliers. Figures from the Society of Motor Manufacturers and Traders (‘SMMT’) demonstrate how much things have changed from the 1970s, when 90% of the parts in a typical UK-built car were sourced domestically. Today, that figure stands at just over 40%.

Cost reduction through global sourcing is only one side of the coin. The more demanding consumer is an almost equally powerful driver of increased complexity. As consumers seek greater variety, better quality and shorter response times, choice has proliferated in the shape of increased numbers of products, a massively expanded universe of brands and rapid growth in routes to market.

It is extraordinary to consider, for example, that there were just eight craft breweries in the US in 1980. By 2015, there were more than 4,000. In the 1980s, if you had a headache you needed to go to the pharmacy to buy painkillers. Today, you can go to a pharmacy, to a supermarket, to a convenience store, a department store, a fuel station – or online.

Alongside these ‘domestic’ changes we are also seeing a huge rise in consumer demand from developing countries, with the rapid growth of new, aspirational middle classes.

So opportunities for corporations have grown significantly over the last 30 or 40 years. But, equally, so have the complexities involved in managing their supply-chain operations. These are not the only factors. Regulators are demanding increased transparency and social media presents very significant threats to organisations’ reputations. We regularly see product safety recalls following failures in supply-chain management.

Powerful structural growth factors are underway including global trade, evolving regulation, increasing quality standards, heightened consumer demands, technology, proliferating brands and corporations’ tighter focus on managing supply-chain risks.

Given the increased risk of operating a global supply chain and distribution network, there is a growing realisation among Boards and executive management teams that their businesses need to take a systemic, end-to-end approach to Quality Assurance.

INNOVATING TO STAY AHEAD

Intertek has a proven track record of innovating and anticipating the growing needs of its clients. We have been the pioneers of our industry across the world for 130 years and we continue to be its chief innovator, constantly evolving and improving our offer to customers to meet their changing needs. Importantly, this entrepreneurial spirit among our people is a fundamental aspect of our differentiated 5x5 strategy for growth.
In identifying that our customers now need systemic and in-depth Assurance, Testing, Inspection and Certification services, we added last year a new dimension to our traditional Quality Control offering by placing Assurance as the cutting edge of our product offering. The intensifying focus by corporations on managing risk in the supply chain has substantially increased the role of Assurance in their day-to-day risk-mitigation activities.

Today, the truly systemic Total Quality Assurance solutions we can deliver go beyond assuring the quality and safety of a corporation’s physical components, products and assets to also look at the reliability of their operating processes and quality management systems. Our TQA approach is fundamental to enabling our clients to operate safely and with complete peace of mind.

Our differentiated TQA value proposition is set to lead our growth trajectory in the years ahead. We have evolved our service offerings to meet the needs of our customers, positioning Intertek strongly to leverage these truly exciting opportunities with our differentiated TQA value proposition.

**INTERTEK TOTAL QUALITY. ASSURED.**

Our value proposition is now based on Total Quality Assurance underpinned by our TQA Customer Promise every day, everywhere: Intertek Total Quality Assurance expertise delivered consistently with precision, pace and passion, enabling our customers to power ahead safely.

As first outlined in 2015, we are shifting our ‘centre of gravity’ towards the business sectors and geographies with the most attractive growth and margin prospects. We believe we already have a number of important advantages as we move forward on this journey.

First, there is our sheer scale. Today, we have more than 1,000 laboratories based in over 100 countries worldwide. We are where our clients and prospects are, offering global solutions in local languages, with local branding and with an understanding of local priorities and culture.

Scale only counts when it is allied with quality and our people in all our locations across the world are focused on consistently delivering against our demanding service standards. By achieving this, on time every time, and providing straightforward access to market-leading expertise and flexible solutions, they build and develop the long-term relationships that we and our customers are looking for.
Second, we have been steadily growing our Assurance capability over the years, and now operate a workforce of some 3,000 highly trained and experienced auditors who conduct an annual average of 100,000 audits across the Americas, Asia Pacific and Europe.

Third, and most important of all, we have broadened our Assurance offering over the years. Our global Business Assurance team offers a broad range of solutions that go far beyond simply helping customers meet their ISO certification needs. They also offer customised audit solutions – and this ability lies directly at the heart of the Intertek advantage.

Today, we are a global market leader in offering and providing customers with genuinely bespoke Assurance solutions. A concrete example of what we can do for our clients is to help them mitigate the risks inherent in their entire global supplier base. We have designed an end-to-end Supplier Qualification Operating System (known as GSM), which enables our customers to track the compliance of all their suppliers with the organisation’s code of conduct in the areas of human rights and labour practices, worker health and safety, environmental management and business integrity.

Clearly, being able to develop such a solution for a customer with a global supply chain underlines the advantage that the breadth and depth of our capability in this area provides. Further, the strength of our diversified global network and our ability to adapt our operations demonstrates that we can meet the needs of our customers, wherever in the world that may be.

This enables us to present a complete value proposition based around Total Quality Assurance. We can satisfy all of our customers’ existing and emerging Quality Assurance requirements in operational areas including R&D, sourcing raw materials, component supply, manufacturing, transport/distribution, retail channels and consumer management.

That advantage also extends beyond a market opportunity alone because the Assurance business has some highly attractive financial characteristics – it is capital light and delivers margins that are above the Group average.

ATTRACTIVE OPPORTUNITIES FOR GROWTH
The total value of the global ATIC market is, we estimate, $250 billion of which ‘only’ $50 billion is currently outsourced. That means there is a total $200 billion in-house opportunity. Companies are certainly doing far more today to improve quality and safety than they were even five years ago, but there is much that needs to be done to establish a robust, reliable, end-to-end Total Quality Assurance approach that reduces risk. That is what we offer and will continue to bring our clients, leveraging our broad service portfolio, our technical expertise and our global laboratory network to allow corporations to concentrate on their core value-generating activities.

We see four growth opportunities.

First, we will be looking to leverage the growth opportunities presented by our existing customers. We aim to increase customer account penetration, both within the services we
In Resources, our third business sector, which contributed less than 10% of our profit, we anticipate long-term growth driven by increasing demand for global energy to support GDP and population growth, but we recognise this is a cyclical business that is currently in the challenging part of the cycle.

We offer both capex and opex services – we can help companies investing in new capacity and operating existing facilities.

We will also see continued expansion in the different types of energy consumed, with an increasing role for renewables in driving sustainability, carbon reduction and cleanliness of supply.

At the Group level, in the medium- to long-term we expect to deliver GDP plus organic revenue growth that is margin accretive and strongly cash generative. This will enable us to allocate our resources in a disciplined fashion, to create further value via carefully selected capital expenditure and M&A investments that in turn feed further accelerated margin-accretive revenue growth.

**OUR STRATEGIC FRAMEWORK**

Our earnings model supports our 5x5 differentiated strategy for growth, which aims to move the centre of gravity of the company towards high-growth, high-margin areas in our industry. The strategy comprises five strategic priorities and five strategic enablers, targeted at the achievement of five corporate goals that help us measure progress.

Our five medium- to long-term corporate goals are:

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

**Read more about our 5x5 strategy on page 12**

Our five strategic priorities are:

- A strong brand proposition that positions Intertek as the market-leading provider of Quality Assurance services
- Delivering superior service with our Total Quality Assurance value proposition, building customer loyalty and attracting new customers
- An effective sales strategy that develops our business by attracting new clients and growing account penetration with existing customers, through increasing the focus on the systematic cross-selling of our ATIC solutions
- Operating a growth- and margin-accretive portfolio strategy, that delivers focused growth among the business lines, countries and services with good growth and margin prospects
- Delivering operational excellence in every operation to drive productivity
The five enablers that will support the execution of our strategy are:

• Our entrepreneurial spirit and decentralised organisation that underpins our customer-centric culture
• Disciplined performance management, driving margin-accretive revenue growth with strong cash conversion and strong returns on capital
• Superior technology, increasing productivity and adding value to our customers
• Engaging our people through the appropriate reward strategy and investing in the right capabilities to support our growth agenda
• Achieving sustainable growth for customers, employees, shareholders, suppliers and communities and ensuring we have the right balance between performance and sustainability

FOCUSED PORTFOLIO STRATEGY
Pursuing a growth- and margin-accretive portfolio is one of our five strategic priorities. When managing our day-to-day performance and allocating our capital and people resources, we will pursue a three-tier portfolio strategy:

First, we will focus on our large businesses with good growth and margin prospects. These areas of focus are:

• at the Business Line level: Softlines, Hardlines, Electrical & Wireless, Cargo/AA and GTS
• at the Geographic level: North America and Greater China

Second, we will invest in the fast-growing businesses with good margin prospects where the focus areas are:

• at the Business Line level: Business Assurance, Agriculture, Building & Construction, Transportation Technologies and Food
• at the Geographic level: South Asia, South East Asia, South America, Middle East and Africa

Third, we will focus on improving the performance:

• at the Business Line level: Industry Services and Minerals
• at the Geographic level: Europe and Australasia

ACCRETIVE DISCIPLINED CAPITAL ALLOCATION
In our view, to deliver shareholder returns on a consistent basis, the right formula is sustainable earnings growth with accretive disciplined allocation of capital. We pursue a disciplined approach to capital allocation that enables us to reinvest our growing earnings and create long-term value and sustainable shareholder returns.

The first priority when it comes to capital allocation is investment to support organic growth. In the medium- to long-term, we will invest circa 5% of revenue in capital expenditure.

The second priority is to deliver sustainable returns for our shareholders through the payment of progressive dividends with a dividend payout ratio of circa 40% of earnings.

The third priority for capital is M&A activity to strengthen our portfolio in the right growth areas, provided we can deliver good returns. This means focusing on those existing business lines or countries with good growth and margin prospects, where we have leading market positions, or entering new exciting growth areas, be that geography or services.

The fourth priority is to maintain an efficient balance sheet that gives us the flexibility to invest in growth with a net debt to EBITDA ratio of 1.5 to 2 times.

LOOKING AHEAD
We believe that the strength of our results in 2016 demonstrate the attractive nature of our industry, Intertek’s high-quality earnings model and the effectiveness of our 5x5 differentiated strategy for growth.

We are confident about the growth prospects of the global Quality Assurance market.

We are uniquely positioned to seize these attractive growth opportunities, underpinned by the increased complexities of corporate supply chains and the associated challenges of maintaining a high level of quality assurance end to end.

Leveraging our industry-leading expertise and innovative and entrepreneurial culture, we service a diversity of industries, geographies and customers with multiple Total Quality Assurance solutions with our global network enabling us to follow the supply chains of our customers wherever they are in the world.

We have a strong track record of creating sustainable growth and shareholder value, leveraging our high-margin and highly cash generative earnings model. We are moving the Company’s centre of gravity towards our industry’s most attractive growth and margin areas with a disciplined approach to performance management and capital allocation.

The strength of Intertek is first and foremost the excellence of our 42,000 entrepreneurially-minded professionals, who take immense pride in delivering customer service standards that exceed expectations. I would like to thank all my colleagues around the world for their passion and expertise every day that makes Intertek a trusted partner for its clients.

I am tremendously excited about Intertek’s future as we continue on our ‘good to great’ journey to deliver our unique Intertek Customer Promise of Total Quality. Assured.

André Lacroix
Chief Executive Officer
INTERTEK EXECUTIVE MANAGEMENT TEAM

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André Lacroix  
Chief Executive Officer  
See full bio on page 58

Edward Leigh  
Chief Financial Officer  
See full bio on page 58

Nimer Al-Hafi  
Senior Vice President, Group ATIC  
Operational Excellence, North-East Asia and Australasia

Joined Intertek in 1995. Nimer is responsible for the Group’s ATIC operational excellence as well as sustainability and health & safety programmes, and has responsibility for North-East Asia and Australasia. Prior to this, he was responsible for the Group’s Global Customer Service agenda and President of Intertek’s US Products group covering testing, inspection, certification, consulting and quality assurance services, having started with the Company as an Engineer in 1995.

Ann-Michele Bowlin  
Chief Information Officer

Joined Intertek in 2009. Ann-Michele is Chief Information Officer and joined Intertek from Ernst & Young consulting where she led shared services transformation programmes. Prior to Ernst & Young, Ann-Michele held leadership and operations roles in technology companies, including Hotels.com, and in the manufacturing and services sectors.

Ian Galloway  
Executive Vice President, Middle-East, Africa and Global Trade

Joined Intertek in 2011. Ian is responsible for the Middle-East, Africa and Global Trade comprising our business lines of Government & Trade Services, Cargo & Analytical Assessment and Agricultural Services. Prior to assuming his current role Ian held senior finance and business roles within Intertek. He has previously held international roles in finance management with BG Group in the UK, Egypt and Tunisia. Ian is a qualified Chartered Accountant.

Tony George  
Executive Vice President, Human Resources

Joined Intertek in 2015. Tony is responsible for Human Resources. He has over 28 years’ experience in HR, General Management and Business Development having held senior leadership positions in international FMCG, chemicals, telecommunications and retail companies including Vodafone plc, Starbucks, Diageo plc and ICI. Prior to joining Intertek, he was Group HR & Business Development Director at Inchcape plc.

Ken Lee  
Executive Vice President, Marketing and Communications

Joined Intertek in 2016. Ken has responsibility for Intertek’s marketing as well as internal and external communications. He joined the company from Inchcape plc where he spent 13 years in various senior marketing roles, most recently as Chief Marketing and Communications Officer. Prior to this he held marketing leadership positions with RAC Motoring Services and Hyundai Car (UK) Ltd.

Jan-Jörg Müller-Seiler  
Executive Vice President, Global Resources

Joined Intertek in 2008. Jan-Jörg has responsibility for Global Resources comprising our business lines of Industry Services and Minerals. Prior to assuming his current role, Jan-Jörg was President of Industry Services and Country Managing Director for Germany, Switzerland and Austria. Before joining Intertek, he worked for TÜV SÜD Industrie Service GmbH, as a member of the Board, with responsibility for their plant engineering and foreign business sectors.

Graham Ritchie  
Executive Vice President, Europe

Joined Intertek in 2014. Graham is responsible for Intertek’s operations in Europe, including Russia, and Central Asia. Prior to assuming his current role, Graham was Intertek’s Group Financial Controller. Before joining the Company he held senior financial positions at BT Group plc and other technology services organisations, having started his career with PwC.

Rajesh Saigal  
Executive Vice President, South & South East Asia

Joined Intertek in 2007. Rajesh has responsibility for South & South East Asia. Prior to this he was Regional Managing Director for Intertek’s South Asia operations. He has over 27 years’ general management and operational experience with Fortune 500 companies covering consumer durables, industrial products and engineering. Before joining Intertek, Rajesh was CEO South Asia for GEWISS and General Manager at Honeywell.

Julia Thomas  
Senior Vice President, Corporate Development

Joined Intertek in 2013. As SVP Corporate Development, Julia has responsibility for Intertek’s acquisition and disposal activities. Before joining Intertek, Julia spent 12 years in investment banking with J.P. Morgan Cazenove and Rothschild, focusing primarily on mergers and acquisitions.

Mark Thomas  
Group General Counsel

Joined Intertek in 2015. Mark has responsibility for Intertek’s legal, risk and compliance functions. He joined Intertek from Inchcape plc where he was Group General Counsel. Prior to this, Mark was in private practice with Slaughter and May in London, advising on a wide range of public and private M&A transactions, equity and debt financing, and general corporate law issues.

 Gregg Tiemann  
Executive Vice President, Americas

Joined Intertek in 1993. Gregg has responsibility for the Americas. Prior to assuming his current role, Gregg was responsible for the Americas, North Asia and Australasia as well as the former Consumer Goods and Commercial & Electrical divisions, having started as General Manager of the Los Angeles laboratory in 1993. Before joining Intertek, Gregg worked in sales and marketing for the software industry.
PRODUCTS

Excellent revenue performance with double-digit growth benefiting from robust organic revenue growth and the contribution from recent acquisitions.

BUSINESS LINES
- SOFTLINES
- HARDLINES
- ELECTRICAL
- NETWORK ASSURANCE
- BUSINESS ASSURANCE
- BUILDING & CONSTRUCTION
- TRANSPORTATION TECHNOLOGIES
- FOOD
- CHEMICALS & PHARMA
- HEALTH, ENVIRONMENTAL & REGULATORY SERVICES
- PRODUCT ASSURANCE

SERVICES & CUSTOMERS
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, 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, product assurance, vendor compliance, process performance analysis, facility plant & equipment verification and 3rd party certification.
STRATEGIC REPORT

Our Total Quality Assurance 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.

REVENUE

£1,465.5m

ADJUSTED OPERATING PROFIT

£297.7m

INTERTEK INNOVATIONS

INTERTEK SUPPORTS MORE EFFICIENT NASAL DRUG DEVELOPMENT

Intertek launched an innovative technology offering that provides clients with a new tool in the development of Orally Inhaled and Nasal Drug Products, in particular for generic nasal suspensions, providing generics developers with a more efficient route to market.

This new technology uses Morphologically-Directed Raman Spectroscopy (MDRS), allowing direct measurement of Active Pharmaceutical Ingredient (API) particle size in the nasal suspension. This was previously difficult to achieve without the Raman function as excipient particles are often a similar size and shape to the API particles. MDRS allows Raman spectra to be produced for selected particles, with this additional chemical information providing robust identification of both drug and excipient.

Meeting regulatory requirements through cost-effective and efficient approaches, such as the inclusion of MDRS data, is of huge interest to generics developers and should support the development and approval of more generic nasal products in the future.
Excellent revenue growth benefiting from robust organic revenue growth and the contribution from recent acquisitions.

INNOVATION
We continue to invest in innovation within our Products-related businesses to meet the evolving needs of our clients:

Our Business Assurance division has developed a proprietary supplier management platform known as GSM. GSM maximises supply chain visibility for both buyers and suppliers through supply chain management, evaluation and improvement. One of our major clients has asked us to help them mitigate the risks of their entire global supplier base by designing an end-to-end Supplier Qualification Operating System to track the compliance of these suppliers based on their code of conduct in the areas of human rights and labour practices, worker health and safety, environmental management and business integrity.

Our Transportation Technologies business became one of the first facilities in Europe to be accredited to perform power certification testing on electric motors, following a significant investment we made in our electric vehicle testing capabilities in the UK. Recognising the changing landscape of traditional gasoline and diesel engines, our business responded swiftly to the evolving needs of our clients and can now provide both testing and certification services in the same location, providing a more efficient solution for our customers.

Our Softlines business delivered a robust organic growth performance across our markets. We continue to benefit from strong demand from our customers for chemical testing. We are also leveraging the investments we have made to support the expansion of our customers in new markets and to seize the exciting growth opportunities in the footwear sector.

Our Hardlines and Toy business continues to take advantage of our strong global account relationships, the expansion of our customers' supply chain into new markets and our innovative technology for factory inspections. We delivered a robust organic growth performance across our main markets of China, Hong Kong, India and Vietnam.

Our Transportation Technologies business delivered strong organic growth across our main markets in the USA, UK, Germany and China. We continue to capitalise on our clients' investments in new powertrains as they strive to adopt more stringent emissions and fuel economy standards.

Our Business Assurance business delivered double-digit organic growth in our three regions of North America, Europe and Asia. We continue to benefit from the increased focus of corporations on risk management resulting in strong growth in Supply Chain Audits.

We delivered solid organic growth in Electrical & Wireless driven by higher regulatory standards in energy efficiency and by the increased demand for wireless devices.

We continue to benefit from the increased focus of corporations on food safety and delivered good organic growth in our Food business.

We saw a solid organic growth in our Chemicals & Pharma business as we continue to leverage the structural growth opportunities in the healthcare markets in both developed and emerging economies.

Our Building & Construction business delivered a robust organic growth performance driven by the growing demand for greener and higher quality buildings and infrastructure in the US Market. PSI benefited from a good revenue momentum and delivered the expected synergies in year one.

2017 OUTLOOK
We expect our Products division to benefit from good organic growth at constant currency.

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

FINANCIAL HIGHLIGHTS 2016

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016 £m</th>
<th>2015 £m</th>
<th>Change at actual rates</th>
<th>Change at constant rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,465.5</td>
<td>1,110.6</td>
<td>32.0%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Organic revenue</td>
<td>1,260.7</td>
<td>1,086.6</td>
<td>16.0%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>297.7</td>
<td>233.8</td>
<td>27.3%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Adjusted operating margin</td>
<td>20.3%</td>
<td>21.1%</td>
<td>(80)bps</td>
<td>(60)bps</td>
</tr>
</tbody>
</table>
INTERTEK INNOVATIONS

INTERTEK INTRODUCES REMOTE VIBRATION MONITORING

Our Building & Construction business has implemented an innovative remote vibration monitoring solution for clients in New York City. Using specialist sensory equipment, vibration levels caused by construction activity are recorded and documented during the course of the working day.

Our experts apply data analysis techniques to interpret the stresses being placed on the building, and if an event occurs that exceeds a certain trigger level, an email or text-message alert is automatically sent to the client allowing them to mitigate their level of current activity.
TRADING

Our Trade-related businesses delivered solid organic growth.

BUSINESS LINES
CARGO & ANALYTICAL ASSESSMENT
GOVERNMENT & TRADE SERVICES
AGRIWORLD
SUSTAINABILITY
SERVICES & CUSTOMERS

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

- **Cargo & Analytical Assessment** (‘Cargo/AA’) business provides cargo inspection, analytical assessment, calibration and related research and technical services to the world’s petroleum and biofuels industries.
- **Government & Trade Services** (‘GTS’) 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.
- **Agriculture** business provides analytical and testing services to global agricultural trading companies and growers.

STRATEGY

Our Total Quality Assurance 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.

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>ADJUSTED OPERATING PROFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>£584.5m</td>
<td>£81.8m</td>
</tr>
</tbody>
</table>
INNOVATION
Providing innovative solutions is a key point of differentiation for our Trade-related businesses:

Our Agriculture business has recently developed the Soil Manager App to Support Local Farmers in Africa. Africa is home to more than 10 million farmers with 50% owning a mobile device. The app allows 24/7 access to a range of services which can assist with enriching soil fertility and increase yields whilst minimising input costs. It is available free of charge from online app stores, and is an innovative way for local farmers to connect with qualified specialists, fertiliser merchants, and even allowing for direct investments by sponsors. After submitting test samples, the results are directly available along with fertiliser recommendations on the app. In addition, farmers can connect with a qualified agronomist to discuss the results, a service that is often beyond the reach of small scale farmers in Africa.

In our GTS business, we have developed a proprietary Workflow ERP system known as Astra. Following client feedback, we developed our existing platform to integrate through EDI into our clients’ logistics operations, in order to provide them with real time updates on the process of certification approvals. This enabled our client to reduce the logistics cycle by knowing at every stage where we were up to in the certification process. This ultimately led to faster product delivery, a reduction in stock, a shorter sales cycle, and an improved competitive position in the market. This was a great example of our GTS business developing a bespoke assurance solution to optimise supply chain processes for their clients.

2016 PERFORMANCE
Our Trade-related businesses delivered solid organic growth overall with moderate margin progression at constant currency.

Our Cargo/AA business reported solid organic growth performance benefiting from the structural growth drivers in the Crude Oil and Refined Product global trading market. As expected we saw a normalisation of the supply situation following the build-up of the high level of inventory we saw in 2015. The demand for GTS continued to weaken following the slowdown seen in the second half of 2015 and was below last year. The volume of regional trade in the Middle/East and Africa has reduced given the economic challenges and uncertainties in these regions.

Our Agriculture business continues to benefit from the expansion of the supply chain of our clients in markets such as Brazil and Turkey, and delivered a robust organic growth performance.

2017 OUTLOOK
We expect our Trade-related businesses to deliver solid organic growth performance at constant currency.

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

INTERTEK INNOVATIONS
INTERTEK TAKES #1 POSITION IN MEXICO’S FAST GROWING ENVIRONMENTAL MARKET
During 2016, Intertek expanded its Analytical Assessment offering by entering into an agreement with the shareholders of ABC Analytic to form an environmental services Joint Venture in Mexico.

ABC Analytic has been a leading provider of water testing services in Mexico since 1970, being one of the pioneering companies to offer wastewater analysis when the first regulations for the prevention and control of water pollution came into effect. Since then, ABC Analytic has continued as a market leader in the provision of its water testing and analytical services in the key areas of wastewater, natural and drinking water analysis.

ABC Analytic is highly complementary to Intertek’s existing environmental testing business in Mexico, which has a particular strength in soil testing and analysis. By bringing the two businesses together, Intertek will increase its offering of sustainability services by become the market leader in the provision of assurance, testing, inspection and certification services to Government environmental projects, regulators and corporations.

FINANCIAL HIGHLIGHTS 2016

<table>
<thead>
<tr>
<th></th>
<th>2016 £m</th>
<th>2015 £m</th>
<th>Change at actual rates</th>
<th>Change at constant rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>584.5</td>
<td>536.6</td>
<td>8.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Organic revenue</td>
<td>582.7</td>
<td>536.4</td>
<td>8.6%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>81.8</td>
<td>75.7</td>
<td>8.1%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Adjusted operating margin</td>
<td>14.0%</td>
<td>14.1%</td>
<td>(10)bps</td>
<td>10bps</td>
</tr>
</tbody>
</table>
RESOURCES

Our Resources-related businesses faced challenging trading conditions in 2016.

BUSINESS LINES

INDUSTRY SERVICES

MINERALS

SERVICES & CUSTOMERS

Our Resources division consists of two business lines with differing services and customers:

- 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.

STRATEGY

Our Total Quality Assurance proposition allows us to help customers gain peace of mind that their exploration projects will proceed on time with the expected quality standards and their assets will continue to operate with a lower risk of technical failure. 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.

REVENUE

£517.0m

ADJUSTED OPERATING PROFIT

£30.2m
INNOVATION
During 2016, our Industry Services team has developed a unique tool, known as InterPret. InterPret is a suite of software tools that have been developed in order to support our client’s needs for the provision of faster real time information in production environments. There are three processes available to our clients within the suite of InterPret solutions:

- **InBlend** uses infrared spectra to predict hydrocarbon composition, significantly speeding up the laboratory process allowing customers to assess every delivery and sample for all known properties. This helps them maximise margins and reduce process delays.

- **InProcess** uses smart data analytics to analyse large datasets and mitigate future problems such as shutdowns and asset failure. For example the analysis has been used to identify major pump seal failure and to optimise the production of diesel at a refinery.

- **InFlow** can be used to assess the stability of blended hydrocarbons. Understanding the interactions in hydrocarbon blends reduces tank cleaning and maintenance costs, promotes efficiency, and reduces the risk of shutdowns.

2016 PERFORMANCE
Our Resources-related businesses saw an organic revenue decline of 13.0% and a slight margin erosion.

The revenue from Capex Inspection Services was lower than last year driven by a lower volume of investments and in exploration activities by our clients and from price pressure in the industry.

The demand for Opex Maintenance Services remained stable overall and we are benefiting from the investments made in NDT services.

Given the challenging trading conditions in our Industry Services operations we continue to be very focused on cost and capacity management in our Capex Inspection business.

Continuing the trend seen in the second half of 2015, we saw a stable level of demand for testing activities in the Minerals business.

2017 OUTLOOK
We do not believe that we have reached the trough in the Resources division and we expect the trading conditions to remain challenging.

MID- TO LONG-TERM OUTLOOK
Our Resources division will grow in the medium to long term as we benefit from investments in the exploration and production of oil and minerals to meet the demand of the growing population around the world.

**FINANCIAL HIGHLIGHTS 2016**

<table>
<thead>
<tr>
<th></th>
<th>2016 (£m)</th>
<th>2015 (£m)</th>
<th>Change at actual rates</th>
<th>Change at constant rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>517.0</td>
<td>519.1</td>
<td>(0.4)%</td>
<td>(8.0)%</td>
</tr>
<tr>
<td>Organic revenue</td>
<td>478.5</td>
<td>508.7</td>
<td>(5.9)%</td>
<td>(13.0)%</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>30.2</td>
<td>33.9</td>
<td>(10.9)%</td>
<td>(15.2)%</td>
</tr>
<tr>
<td>Adjusted operating margin</td>
<td>5.8%</td>
<td>6.5%</td>
<td>(70)bps</td>
<td>(50)bps</td>
</tr>
</tbody>
</table>
Disciplined performance management focused on margin-accrative revenue growth with strong cash conversion and accretive capital allocation.

**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 normalise performance. An explanation and reconciliation of Reported to Adjusted performance measures is given on page 42. Non-financial KPIs are shown in the Sustainability and CSR report on pages 45 to 51.

### REVENUE (Em)

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported Revenue (£m)</th>
<th>Adjusted Revenue (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2,093</td>
<td>2,093</td>
</tr>
<tr>
<td>2015</td>
<td>2,166</td>
<td>2,166</td>
</tr>
<tr>
<td>2016</td>
<td>2,567</td>
<td>2,567</td>
</tr>
</tbody>
</table>

+18.5% revenue growth from 2014 to 2016.

### ORGANIC REVENUE AT CONSTANT EXCHANGE RATES (Em)

Revenue growth, excluding currency movements, acquisitions and disposals.

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported Revenue (£m)</th>
<th>Adjusted Revenue (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,320</td>
<td>2,320</td>
</tr>
<tr>
<td>2016</td>
<td>2,322</td>
<td>2,322</td>
</tr>
</tbody>
</table>

+0.1% organic revenue growth from 2015 to 2016.

### ADJUSTED OPERATING PROFIT (Em)

Measures profitability of the Group and includes currency impacts.

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported Operating Profit (£m)</th>
<th>Adjusted Operating Profit (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>324</td>
<td>324</td>
</tr>
<tr>
<td>2015</td>
<td>343</td>
<td>343</td>
</tr>
<tr>
<td>2016</td>
<td>410</td>
<td>410</td>
</tr>
</tbody>
</table>

+19.3% adjusted operating profit growth from 2014 to 2016.

### ADJUSTED OPERATING MARGIN (%)

Margin measures profitability as a proportion of revenue.

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported Operating Margin (%)</th>
<th>Adjusted Operating Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>15.5%</td>
<td>15.5%</td>
</tr>
<tr>
<td>2015</td>
<td>15.9%</td>
<td>15.9%</td>
</tr>
<tr>
<td>2016</td>
<td>16.0%</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

+10bps adjusted operating margin growth from 2014 to 2016.
### KPIS – MEASURING OUR STRATEGY

**Revenue, Adjusted Operating Profit and Return on Invested Capital (ROIC)** are re-calculated using 2015 exchange rates to form the basis for Executive Director remuneration, as described in more detail on pages 73 to 74.

1. Adjusted operating profit, adjusted operating margin, adjusted cash flow from operations and adjusted diluted earnings per share are stated before Separately Disclosed Items, which are described on page 42.

2. Dividend per share is based on the interim dividend of 19.4p (2015: 17.0p) plus the proposed final dividend of 43.0p (2015: 35.3p).

3. Growth at constant exchange rates compares both 2016 and 2015 at the average exchange rates for 2016, in order to remove the impact of currency translation from the Group’s growth figures. Organic measures at constant exchange rates are used in order to present the Group’s results excluding the effects of the change in the scope of consolidation (acquisitions and disposals over the past two years) and the impact of currency translation.

4. 2015 ROIC has been prepared using average 2016 exchange rates for Adjusted operating profit and tax, and year end 2016 exchange rates for invested capital.

#### Adjusted Cash Flow from Operations

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(£m)</td>
<td>404</td>
<td>466</td>
<td>565</td>
</tr>
</tbody>
</table>

+21.4%

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

#### Adjusted Diluted Earnings per Share

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(pence)</td>
<td>132.1</td>
<td>140.7</td>
<td>167.7</td>
</tr>
</tbody>
</table>

+19.2%

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

#### Dividend per Share

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(pence)</td>
<td>49.1</td>
<td>52.3</td>
<td>62.4</td>
</tr>
</tbody>
</table>

+19.3%

Dividend per share measures returns provided to shareholders.

#### Return on Invested Capital at Constant Exchange Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>20.0</td>
<td>21.7</td>
</tr>
</tbody>
</table>

+170 bps

Measures how effectively the Group generates profit from its invested capital.
PRINCIPAL RISKS AND UNCERTAINTIES

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

RISK FRAMEWORK
The Board has overall responsibility for the establishment and oversight of the Group’s risk management framework. This work is complemented by the Group Risk Committee, whose purpose is to manage, assess and promote the continuous improvement of the Group’s risk management, controls and assurance systems. This risk governance framework is described in more detail in the Directors’ Report on pages 62 to 64 and 81 to 85.

The Head of Internal Audit 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 for the significant countries and for each business line and support function. The risk register is updated at least twice each year and is used to plan the Group’s internal audit and risk strategy.

In addition to the risk register, 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.

OPERATIONAL

<table>
<thead>
<tr>
<th>PRINCIPAL RISK</th>
<th>CONTEXT</th>
<th>POSSIBLE IMPACT</th>
</tr>
</thead>
</table>
| 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.                                                                 |
| CUSTOMER       | 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. |
| SERVICE        |                                                                                                                                  |                                                                                                           |
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.

LONG-TERM VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a five-year period to 31 December 2021, 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.

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.

In addition to the bottom-up strategic review process where the prospects of each business line are reviewed, a robust assessment has been made of the potential operational and financial impacts on the Group of combinations of principal risks and uncertainties (as set out in the following pages) in a number of severe, but plausible, scenarios, as well as the effectiveness of any mitigating actions.

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 2021.

MITIGATION

- Quality Management Systems; adherence to these is regularly audited and reviewed by external parties, including accreditation bodies.
- Risk Management Framework and associated controls and assurance processes, including contractual review and liability caps where appropriate.
- Code of Ethics which is communicated to all staff, who undergo regular training.
- Zero-tolerance policy with regard to any inappropriate behaviour by any individual employed by the Group, or acting on the Group’s behalf.
- Whistle-blowing 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.

- 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.

2016 UPDATE

- This risk remains stable compared with 2015.
- The Group continues to invest in staff development, quality systems and standard processes to prevent operational failures.

- This risk remains stable compared with 2015.
## PRINCIPAL RISKS AND UNCERTAINTIES

### OPERATIONAL

<table>
<thead>
<tr>
<th>PRINCIPAL RISK</th>
<th>CONTEXT</th>
<th>POSSIBLE IMPACT</th>
</tr>
</thead>
</table>
| 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. |
| OPERATIONAL HEALTH, SAFETY AND SECURITY | 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. | • 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. |
| FACILITIES             | Environment – an adverse impact on the environment due to inadequate sample storage/disposal, and/or inappropriate use of materials dangerous to the environment.  
Lease Renewals – a failure to secure the renewal of a critical lease, or having to agree unfavourable renewal terms.  
Security – loss of a critical site due to natural disaster/catastrophe, with alternative sites unavailable/unfeasible.  
Restructuring – an adverse impact on operations caused by restructuring or moving multiple facilities or locations. | • Environment – environmental damage, potential litigation and fines, impact on reputation.  
• Lease Renewals – loss of key sites, financial impact in terms of relocation costs, or increased premiums on renewed leases.  
• Security – possible injury or fatality to our people and general public, inability to deliver key services, impact on revenue and reputation.  
• Restructuring – loss of financial or other internal controls, loss of revenues, adverse customer relationship or delivery impacts. |
| 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, and the failure to foresee the impact of, or adequately respond to and comply with, changing or new laws and regulations. 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. |
| IT SYSTEMS             | 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. | • Loss of revenue due to down time.  
• Potential loss of sensitive data with associated legal implications.  
• 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. |
<table>
<thead>
<tr>
<th>PRINCIPAL RISKS AND UNCERTAINTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SYSTEMS INTEGRITY</strong></td>
</tr>
<tr>
<td><strong>IT SYSTEMS INDUSTRY AND FACILITIES</strong></td>
</tr>
<tr>
<td><strong>PRINCIPAL RISK CONTEXT POSSIBLE IMPACT</strong></td>
</tr>
<tr>
<td><strong>OPERATIONAL RISK</strong></td>
</tr>
<tr>
<td>• This risk remains stable compared with 2015.</td>
</tr>
<tr>
<td>• Quality management and associated controls, including safety training, appropriate PPE (Personal Protective Equipment), Health &amp; Safety policies (including due diligence on sub-contractors), meetings and communication.</td>
</tr>
<tr>
<td>• 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.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>• This risk remains stable compared with 2015.</td>
</tr>
<tr>
<td>• The Group’s results have been impacted by the lower levels of capital expenditure in the energy sector, driven by lower oil prices, but more than offset by the diverse nature of the Group and its ability to grow revenue and manage the cost base.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>• This risk remains stable compared with 2015.</td>
</tr>
<tr>
<td>• Information systems policy and governance structure.</td>
</tr>
<tr>
<td>• Regular system maintenance.</td>
</tr>
<tr>
<td>• Backup systems in place.</td>
</tr>
<tr>
<td>• Disaster recovery plans that are constantly tested and improved to minimise the impact if a failure does occur.</td>
</tr>
<tr>
<td>• Global Information Security policies in place (IT, Data Protection, Cyber Security).</td>
</tr>
<tr>
<td>• Adherence to IT finance systems controls (part of Core Mandatory Controls (‘CMCs’)).</td>
</tr>
<tr>
<td>• Adherence to IT general controls and IT finance systems controls.</td>
</tr>
<tr>
<td>• Internal and external audit testing.</td>
</tr>
</tbody>
</table>
## PRINCIPAL RISKS AND UNCERTAINTIES continued

### LEGAL AND REGULATORY

<table>
<thead>
<tr>
<th>PRINCIPAL RISK</th>
<th>CONTEXT</th>
<th>POSSIBLE IMPACT</th>
</tr>
</thead>
</table>
| LITIGATION       | Claims resulting from mistakes in Intertek’s work resulting in disputes with clients and/or other relevant third parties. | • Financial impact (fines by regulators, suspension of accreditation, compensation).  
• Financial impact from defending and settling claims.  
• Impact of fines.  
• Potential impact on insurance premiums.  
• Loss of customer confidence.  
• Damage to reputation.  
• Impact on share price. |

### BUSINESS ETHICS

<table>
<thead>
<tr>
<th>PRINCIPAL RISK</th>
<th>CONTEXT</th>
<th>POSSIBLE IMPACT</th>
</tr>
</thead>
</table>
|                  | 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. |

### FINANCIAL

<table>
<thead>
<tr>
<th>PRINCIPAL RISK</th>
<th>CONTEXT</th>
<th>POSSIBLE IMPACT</th>
</tr>
</thead>
</table>
| 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 management time.  
• Corresponding loss of value and reputation could result in funding being withdrawn or provided at higher interest rates.  
• Possible adverse publicity. |
<table>
<thead>
<tr>
<th>PRINCIPAL RISKS AND UNCERTAINTIES</th>
<th>STRATEGIC REPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEGAL AND REGULATORY</strong></td>
<td><strong>PRINCIPAL RISK CONTEXT POSSIBLE IMPACT</strong></td>
</tr>
<tr>
<td>- LITIGATION</td>
<td>- Claims resulting from mistakes in Intertek's work resulting in disputes with clients and/or other relevant third parties.</td>
</tr>
<tr>
<td></td>
<td>- Financial impact (fines by regulators, suspension of accreditation, compensation).</td>
</tr>
<tr>
<td></td>
<td>- Financial impact from defending and settling claims.</td>
</tr>
<tr>
<td></td>
<td>- Impact of fines.</td>
</tr>
<tr>
<td></td>
<td>- Potential impact on insurance premiums.</td>
</tr>
<tr>
<td></td>
<td>- Loss of customer confidence.</td>
</tr>
<tr>
<td></td>
<td>- Damage to reputation.</td>
</tr>
<tr>
<td></td>
<td>- Impact on share price.</td>
</tr>
<tr>
<td></td>
<td>• Effective Quality Management Systems and assurance procedures and controls, including contractual review and liability caps where appropriate.</td>
</tr>
<tr>
<td></td>
<td>• Claims management policy and process in place.</td>
</tr>
<tr>
<td></td>
<td>• Contract review process (including risk review).</td>
</tr>
<tr>
<td></td>
<td>• Use of standard Intertek Terms &amp; Conditions.</td>
</tr>
<tr>
<td></td>
<td>• All significant incidents that could potentially result in a claim against the Group are immediately reported to compliance officers and logged in an incident database so that they can be properly managed. The Group General Counsel reports any significant claims to the Audit Committee. External legal counsel is appointed where appropriate.</td>
</tr>
<tr>
<td></td>
<td>• Insurance liaison – seeking contractual protection from loss or insurance cover for loss where possible.</td>
</tr>
<tr>
<td></td>
<td>• This risk remains stable compared with 2015.</td>
</tr>
<tr>
<td></td>
<td>• Compliance personnel have been utilised to manage contract reviews and assist the wider legal framework.</td>
</tr>
<tr>
<td></td>
<td>• Ongoing training and education in respect of contractual liabilities being assumed.</td>
</tr>
</tbody>
</table>

| **BUSINESS ETHICS** | **PRINCIPAL RISK CONTEXT POSSIBLE IMPACT** |
| - 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. |
|  | • Whistle-blowing 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. |
|  | • Zero-tolerance policy 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 2015. |
|  | • Ongoing annual confirmations ensure that staff verify compliance with the Code of Ethics. |
|  | • Local compliance officers perform due diligence on sub-contractors that they have signed the Group’s Code. |
|  | • During 2016, 287 (2015: 249) HR and non-compliance issues were reported through the whistle-blowing hotline and other routes. All were investigated with 57 (2015: 51) substantiated and corrective action taken. |

| **FINANCIAL** | **PRINCIPAL RISK CONTEXT POSSIBLE IMPACT** |
| - FINANCIAL RISK | - Financial losses with a direct impact on the bottom line. |
|  | - Large scale losses can affect financial results. |
|  | - Potential legal proceedings leading to costs and 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 Cascade (which sets approval limits for financial transactions). |
|  | • Legal, financial and other due diligence on M&A and other investments. |
|  | • 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 2015. |
|  | • ‘Doing Business the Right Way’ established as core principle within Intertek. |
|  | • Review and update of core mandatory controls for year-end compliance certification. |
Double-digit revenue growth and a focus on cost and operational efficiencies delivered margin accretion for the Group.

**CONSOLIDATED INCOME STATEMENT COMMENTARY**
Revenue for the year was £2,567.0m, up 18.5% (up 8.8% at constant exchange rates), with organic revenue growth of 0.1% at constant exchange rates.

The Group’s adjusted operating profit was £409.7m, up 19.3% on the prior year (up 10.4% at constant exchange rates). The adjusted operating margin was 16.0% compared with 15.9% in the prior year.

The Products division delivered excellent results with all business lines contributing to performance. The Trade division delivered solid revenue growth. The Resources division continued to be impacted by the reduction in energy capital expenditure by our clients.

This resulted in the Group’s reported operating profit for the year being £369.5m (2015: reported operating loss £283.5m, which was impacted by the one-off impairment to the Industry Services business line in the Resources division).

**NET FINANCING COSTS**
The Group had an adjusted net financing cost of £22.4m (2015: £24.2m) in the year. This comprised £0.9m (2015: £1.0m) of finance income and £23.3m (2015: £25.2m) of finance expense. The total interest charge included £nil (2015: £nil) relating to Separately Disclosed Items.

**TAX**
The Group effective tax rate on adjusted profit before income tax was 25.3% (2015: 24.3%). The statutory tax charge, including the impact of SDIs, of £75.5m (2015: £39.3m), equates to an effective rate of 21.6% (2015: (12.8%)) and the cash tax on adjusted results is 24.3% (2015: 22.2%). The statutory tax charge, excluding the impact of SDIs, is £98.0m (2015: £77.5m).

**EARNINGS PER SHARE**
The Group delivered adjusted diluted earnings per share (‘EPS’) of 167.7p (2015: 140.7p). Diluted EPS after SDIs was 156.8p (2015: diluted loss per share of 224.2p), and basic EPS was 158.5p (2015: basic loss per share of 224.2p).

```
FINANCIAL HIGHLIGHTS 2016

+18.5%   +8.8%   +19.3%  
Revenue up to £2,567m  Dividend per share
+19.3%  +10.4%  +230%  
Adjusted operating profit up to £410m  Reported operating profit up to £369m
+19.2% +9.6%  +171%  
Adjusted diluted EPS  Reported diluted EPS
£35m  £106m  
Acquisitions  Organic investment spend
```

“This year we delivered double-digit growth in operating profit at constant currency, benefiting from a significant contribution from acquisitions. Cash conversion was strong as the focus on working capital initiatives continued to deliver.”
DIVIDEND
The Board recommends a full year dividend of 62.4p per share, an increase of 19.3%. This recommendation reflects the Group’s earnings progression, strong financial position and the Board’s confidence in the Group’s structural growth drivers into the future.

The full year dividend of 62.4p represents a total cost of £100.7m or 37% of adjusted profit attributable to shareholders of the Group for 2016 (2015: £84.2m and 37%). The dividend is covered 2.7 times by earnings (2015: 2.7 times), based on adjusted diluted earnings per share divided by dividend per share.

RESULTS FOR THE YEAR

Key financials

<table>
<thead>
<tr>
<th></th>
<th>2016 £m</th>
<th>2015 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,567.0</td>
<td>2,166.3</td>
</tr>
<tr>
<td>Adjusted Group operating profit</td>
<td>409.7</td>
<td>343.4</td>
</tr>
<tr>
<td>Adjusted diluted EPS</td>
<td>167.7p</td>
<td>140.7p</td>
</tr>
<tr>
<td>Statutory Group operating profit/(loss)</td>
<td>369.5</td>
<td>(283.5)</td>
</tr>
<tr>
<td>Statutory diluted EPS</td>
<td>156.8p</td>
<td>(224.2p)</td>
</tr>
<tr>
<td>Adjusted cash flow from operations</td>
<td>565.3</td>
<td>465.7</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>62.4p</td>
<td>52.3p</td>
</tr>
<tr>
<td>Dividends paid in the year</td>
<td>88.0</td>
<td>80.7</td>
</tr>
</tbody>
</table>

FIVE YEAR PERFORMANCE

ADJUSTED DILUTED EPS\(^1\) (pence)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted Diluted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>167.7p</td>
</tr>
<tr>
<td>2015</td>
<td>140.7p</td>
</tr>
<tr>
<td>2014</td>
<td>132.1p</td>
</tr>
<tr>
<td>2013</td>
<td>138.6p</td>
</tr>
<tr>
<td>2012</td>
<td>131.2p</td>
</tr>
<tr>
<td>2011</td>
<td>107.2p</td>
</tr>
</tbody>
</table>

\(\text{CAGR}^{2}\) +9.4%

DIVIDEND PER SHARE\(^3\) (pence)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>62.4p</td>
</tr>
<tr>
<td>2015</td>
<td>52.3p</td>
</tr>
<tr>
<td>2014</td>
<td>49.1p</td>
</tr>
<tr>
<td>2013</td>
<td>46.0p</td>
</tr>
<tr>
<td>2012</td>
<td>41.0p</td>
</tr>
<tr>
<td>2011</td>
<td>33.7p</td>
</tr>
</tbody>
</table>

\(\text{CAGR}^{2}\) +13.1%

1. Presentation of results: To provide readers with a clear and consistent presentation of the underlying operating performance of the Group’s business, the figures discussed in this review are presented before Separately Disclosed Items (see note 3 of the financial statements). A reconciliation between Adjusted and Reported performance measures is set out overleaf.

2. CAGR represents the compound annual growth rate from 2011 to 2016.

3. Dividend per share for 2016 is based on the interim dividend paid of 19.4p (2015: 17.0p) plus the proposed final dividend of 43.0p (2015: 35.3p).

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

<table>
<thead>
<tr>
<th></th>
<th>2016 £m</th>
<th>Change at actual rates %</th>
<th>Change at constant rates %</th>
<th>2016 £m</th>
<th>Change at actual rates %</th>
<th>Change at constant rates %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td>2,465.5</td>
<td>32.0</td>
<td>19.9</td>
<td>297.7</td>
<td>27.3</td>
<td>16.5</td>
</tr>
<tr>
<td>Trade</td>
<td>584.5</td>
<td>8.9</td>
<td>1.6</td>
<td>81.8</td>
<td>81</td>
<td>2.2</td>
</tr>
<tr>
<td>Resources</td>
<td>517.0</td>
<td>(0.4)</td>
<td>(8.0)</td>
<td>30.2</td>
<td>(10.9)</td>
<td>(15.2)</td>
</tr>
<tr>
<td>Group total</td>
<td>2,567.0</td>
<td>18.5</td>
<td>8.8</td>
<td>409.7</td>
<td>19.3</td>
<td>10.4</td>
</tr>
<tr>
<td>Net financing costs</td>
<td>14</td>
<td>(22.4)</td>
<td>(7.4)</td>
<td></td>
<td>(289.3)</td>
<td>(10.1)</td>
</tr>
<tr>
<td>Adjusted profit before income tax</td>
<td>387.3</td>
<td>21.3</td>
<td>11.6</td>
<td></td>
<td>(98.0)</td>
<td>25.5</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>6</td>
<td>(289.3)</td>
<td>19.7</td>
<td>289.3</td>
<td>19.7</td>
<td>10.1</td>
</tr>
<tr>
<td>Adjusted diluted EPS</td>
<td>7</td>
<td>167.7p</td>
<td>19.2</td>
<td>9.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**PORTFOLIO ACTIVITIES**

In March 2016, the Group announced a new divisional segmentation into Products, Trade and Resources, and also a new organisational management structure. The Group also announced its new 5x5 differentiated strategy for growth, with the aim to move the centre of gravity of the Company towards high-growth, high-margin areas in its industry.

Of note, this included two strategic priorities relevant to the operational structure of the business. First, to operate a portfolio that delivers focused growth amongst the business lines, countries and services, including a strategic review of underperforming business units. Second, to deliver operational excellence in every operation to drive productivity, including re-engineering of unnecessary processes and layers.

During the year, the Group has implemented various fundamental restructuring activities, consistent with this new Company structure and 5x5 strategy, with a resulting charge of £21.4m in the year. These activities included site consolidations, closure of non-core business units, re-engineering of underperforming businesses and the delayering of management structures. These charges are included in the SDI section below.

**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. A reconciliation of the Reported to Adjusted measures is 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 of acquiring and integrating acquisitions, the cost of any fundamental restructuring of a business, material claims and settlements, significant recycling of amounts from equity to the income statement and unrealised market gains/losses on financial assets/liabilities.

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 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 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 2016 comprises amortisation of acquisition intangibles £14.0m (2015: £21.4m); acquisition costs relating to successful, active or aborted acquisitions £2.8m (2015: £5.8m); £21.4m (2015: £6.7m) in relation to restructuring businesses and making redundancies currently underway; £2.0m (2015: £nil) relating to the loss on disposal of subsidiaries and associates; and material claims and settlements of £nil (2015: £3.6m).

### 2016 RECONCILIATION OF REPORTED TO ADJUSTED PERFORMANCE MEASURES

<table>
<thead>
<tr>
<th>£m</th>
<th>Reported</th>
<th>SDIs</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,567.0</td>
<td>–</td>
<td>2,567.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>369.5</td>
<td>40.2</td>
<td>409.7</td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td>14.4%</td>
<td>1.6%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Net Financing costs</td>
<td>(22.4)</td>
<td>–</td>
<td>(22.4)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(75.5)</td>
<td>(22.5)</td>
<td>(98.0)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>271.6</td>
<td>17.7</td>
<td>289.3</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>543.4</td>
<td>21.9</td>
<td>565.3</td>
</tr>
<tr>
<td>Basic EPS (p)</td>
<td>158.5p</td>
<td>11.0p</td>
<td>169.5p</td>
</tr>
<tr>
<td>Diluted EPS (p)</td>
<td>156.8p</td>
<td>10.9p</td>
<td>167.7p</td>
</tr>
</tbody>
</table>

In 2015, an impairment charge of £577.3m was incurred in relation to our Industry Services business line in the Resources division. In addition, an impairment of £12.1m of IT assets related to computer software was recorded in 2015.

### 2015 RECONCILIATION OF REPORTED TO ADJUSTED PERFORMANCE MEASURES

<table>
<thead>
<tr>
<th>£m</th>
<th>Reported</th>
<th>SDIs</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,166.3</td>
<td>–</td>
<td>2,166.3</td>
</tr>
<tr>
<td>Operating (loss)/profit</td>
<td>(283.5)</td>
<td>626.9</td>
<td>343.4</td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td>(13.1)%</td>
<td>29.0%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Net Financing costs</td>
<td>(24.2)</td>
<td>–</td>
<td>(24.2)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(39.3)</td>
<td>(38.2)</td>
<td>(77.5)</td>
</tr>
<tr>
<td>(Loss)/profit for the year</td>
<td>(347.0)</td>
<td>588.7</td>
<td>241.7</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>442.3</td>
<td>23.4</td>
<td>465.7</td>
</tr>
<tr>
<td>Basic EPS (p)</td>
<td>(224.2)p</td>
<td>366.1p</td>
<td>141.9p</td>
</tr>
<tr>
<td>Diluted EPS (p)</td>
<td>(224.2)p</td>
<td>364.9p</td>
<td>140.7p</td>
</tr>
</tbody>
</table>

Further information on Separately Disclosed Items is given in note 3 to the financial statements.
KEY PERFORMANCE INDICATORS
The Group uses a variety of key performance indicators (‘KPIs’) to monitor the financial performance of the Group and operating divisions. The specific metrics are disclosed on pages 32 to 33.

The rate of return on invested capital (‘ROIC’) 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 when projects are competing for limited funds.

Reported ROIC in 2016 of 21.7% reflects a full year of the PSI acquisition and the 2015 impairment charge and compares to 20.0% in the prior year at constant exchange rates. ROIC in the 2015 Annual Report and Accounts of 16.9% was stated excluding the impact of the PSI acquisition on 23 November 2015 and excluding the impairment in order to be comparable to 2014.

ACQUISITIONS AND INVESTMENT
The Group strategy is to invest both organically and by acquiring or investing in complementary businesses, enabling it to take advantage of the strong long-term structural growth drivers in the quality industry and continually offer the latest technologies and services in the locations demanded by clients.

Acquisitions and investments
The Group completed three (2015: four) acquisitions and investments in the year with cash consideration of £34.8m, net of cash acquired of £0.7m.

In January 2016, the Group acquired the Food Institute Trust – Italia SRL (‘FIT-Italia’), an Italian-based business providing food quality and safety services to the retail and agricultural sectors.

In October 2016, the Group acquired EWA-Canada Ltd (‘EWA’), a leading provider of cyber security and assurance services to a broad range of industries. Its service portfolio includes IT network security solutions for network carriers, product security evaluations according to the Common Criteria standard, network security evaluations, as well as certain consulting services.

In November 2016, the Group entered into an agreement with the shareholders of Laboratorios ABC Química Investigación y Análisis S.A. de C.V. (‘ABC Análic’) to form an environmental and food services Joint Venture in Mexico, which will operate as ‘Intertek+ ABC Análic’.

These acquisitions and investments provide valuable additional service lines and new geographic locations for the Group, and will help drive profitable revenue growth.

Organic investment
The Group also invested £105.5m (2015: £112.2m) organically in laboratory expansions, new technologies and equipment and other facilities. This investment represented 4.1% of revenue (2015: 5.2%).

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:

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>543.4</td>
<td>442.3</td>
</tr>
<tr>
<td>Add back: cash flow relating to SDIs</td>
<td>21.9</td>
<td>23.4</td>
</tr>
<tr>
<td>Adjusted cash flow from operations</td>
<td>565.3</td>
<td>465.7</td>
</tr>
<tr>
<td>Add back: special contributions to pension schemes</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Cash flow for cash conversion</td>
<td>568.1</td>
<td>468.5</td>
</tr>
<tr>
<td>Cash conversion %</td>
<td>138.7%</td>
<td>136.4%</td>
</tr>
</tbody>
</table>

The components of free cash flow are summarised below:

### Free cash flow

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>409.7</td>
</tr>
<tr>
<td>Add back: depreciation and amortisation</td>
<td>89.5</td>
</tr>
<tr>
<td>Movement in working capital and provisions</td>
<td>52.4</td>
</tr>
<tr>
<td>Net capital expenditure</td>
<td>(102.5)</td>
</tr>
<tr>
<td>Other*</td>
<td>(131.0)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>318.1</td>
</tr>
</tbody>
</table>

* Other includes exceptionals, special contributions to pension schemes, interest paid/received, tax and non-cash items.

### FIVE YEAR TREND – ADJUSTED CASH FLOW FROM OPERATIONS (£m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted Cash Flow from Operations (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>565.3</td>
</tr>
<tr>
<td>2015</td>
<td>465.7</td>
</tr>
<tr>
<td>2014</td>
<td>403.7</td>
</tr>
<tr>
<td>2013</td>
<td>394.1</td>
</tr>
<tr>
<td>2012</td>
<td>345.4</td>
</tr>
<tr>
<td>2011</td>
<td>314.8</td>
</tr>
</tbody>
</table>

1. CAGR represents the compound annual growth rate from 2011 to 2016.
FINANCIAL REVIEW continued

Net debt
Net debt has decreased from £775.4m at 31 December 2015 to £743.7m at 31 December 2016.

In the year, the Group drew on facilities it had in place at 31 December 2015. During the year US$60m of its existing bilateral term loan facility and US$75m of Senior Notes were repaid. The Group has a well-balanced loan portfolio with a maturity profile as shown below, to enable the funding of future growth opportunities.

BORROWINGS BY MATURITY PROFILE

Under existing facilities the Group has available debt headroom of £412m at 31 December 2016. The components of net debt at 31 December 2015 are outlined below:

<table>
<thead>
<tr>
<th>1 January 2016 £m</th>
<th>Cash flow £m</th>
<th>Exchange adjustments £m</th>
<th>31 December 2016 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>116.0</td>
<td>(6.3)</td>
<td>49.1</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(891.4)</td>
<td>169.7</td>
<td>(180.8)</td>
</tr>
<tr>
<td>Total net debt</td>
<td>(775.4)</td>
<td>163.4</td>
<td>(131.7)</td>
</tr>
</tbody>
</table>

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 2016, analysed by currency is as follows:

BORROWINGS BY CURRENCY

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

At constant exchange rates, revenue grew 8.8% (actual exchange rates 18.5%) and adjusted operating profit grew 10.4% (actual exchange rates 19.3%).

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

<table>
<thead>
<tr>
<th>Value of £1</th>
<th>2016</th>
<th>2015</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollar</td>
<td>1.22</td>
<td>1.48</td>
<td>1.35</td>
<td>1.53</td>
</tr>
<tr>
<td>Euro</td>
<td>1.17</td>
<td>1.36</td>
<td>1.23</td>
<td>1.38</td>
</tr>
<tr>
<td>Chinese renminbi</td>
<td>8.51</td>
<td>9.61</td>
<td>8.98</td>
<td>9.62</td>
</tr>
<tr>
<td>Hong Kong dollar</td>
<td>9.49</td>
<td>11.48</td>
<td>10.52</td>
<td>11.87</td>
</tr>
<tr>
<td>Australian dollar</td>
<td>1.70</td>
<td>2.03</td>
<td>1.83</td>
<td>2.04</td>
</tr>
</tbody>
</table>

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.

Edward Leigh
Chief Financial Officer
I am proud to report that following an external review in December 2016, Intertek, for the first time, became a constituent of the FTSE4GOOD Index. Inclusion within the index recognises the progress we have made in our internal and external sustainability activities, as well as in our Group reporting on sustainability.

During the year Intertek also formed a Joint Venture with ABC Analitic in Mexico, creating the market leader in the provision of Environmental testing services in the country, focused on the prevention and control of water pollution, further expanding our sustainability offering to our customers.

Across our business, our people provide Assurance, Testing, Inspection and Certification (ATIC) services which assist our customers in mitigating the environmental impacts of their products, processes and operations, and in 2016, social and environmental assessments of entire supply chains were also a key area of focus for our customers. Our people are passionate about their work and are proud to be involved in activities which generate a positive impact for society and the environment.

We are focused on ensuring that our strategy and culture provides our people with the right platform to grow and develop their careers, but also allows them to be involved in activities which are socially responsible and enables them to engage with the communities in which they live and work.

This report describes Intertek’s sustainability performance for 2016 and highlights some of the work we are doing to help our customers, partner with our local communities and reduce our own ecological footprint.

André Lacroix  
Chief Executive Officer

“Our people are passionate about their work and are proud to be involved in activities that generate a positive impact for society and the environment.”
OUR BUSINESS

Our ATIC services cover almost every industry, from textiles, toys and electronics, to building, heating, pharmaceuticals, petroleum products, food, and cargo inspection. Our clients trust us to ensure the quality and safety of their products, assets and processes, to protect their brands and gain competitive advantage.

We work globally with our clients to improve the social, ethical, safety and environmental impacts of their services, supply chains and products that are used by their customers every day. Through the provision of our ATIC service, our vision is to become the world’s most trusted partner for quality assurance. This gives rise to improving our customers’ performance and helping them to operate sustainably, overcoming market constraints, improving processes, reducing risk and supporting their ability to operate effectively and act responsibly. Here are some examples of the work that we have done for our customers:

UNDERSTANDING MICROPLASTICS IN THE RIVER RHINE

Intertek has completed a study supporting researchers from the University of Basel to evaluate plastic debris in the River Rhine. The study, which was recently published in the journal, Scientific Reports, represents the first scientific study of microplastics over the length of a major river. Tiny plastic particles, smaller than five millimetres, known as microplastics, are found in almost all rivers, lakes and oceans. They can result from fragmentation of plastic waste, textile fibres or occur as intermediate products in plastic production or as small pellets used in personal care products.

The University of Basel researchers collected many samples from the Rhine and partnered with Intertek’s Basel laboratory to understand the type and concentration of microplastics found. Intertek’s polymer testing experts developed a process which would enable the handling and grouping of the thousands of particles which make up the samples in a manageable way and then investigated the many plastic particles using a technique called infra-red spectroscopy.

This information has given a first insight into the origin and former use of the plastics debris which, in turn, could help to reduce the levels of microplastics and prevent harm to the aquatic biodiversity of the River Rhine. The results revealed that these microplastics have originated from a wide range of applications such as packaging, personal care products, office equipment, vehicle construction and numerous others. We plan to continue our collaboration with the University of Basel and to support further characterisation of microplastics and their origins.

SAFE HYDROGEN REFUELLING STATIONS IN THE US

Intertek has worked with Powertech, Sandia National Laboratories and The National Renewable Energy Laboratory to launch a new method of safety and performance testing and certification of hydrogen fuelling stations in the US. The Hydrogen Station equipment performance (HyStEP) device which is in a mobile unit attached to the back of a vehicle was so innovative that no standards adequately addressed the safety hazards it potentially created. This new method of testing is more efficient than previous methods where individual automotive manufacturers conducted their own testing to certify the safety and performance of hydrogen fuelling stations.

To bring the new testing and certifying method to the market, Intertek facilitated a process known as a Failure Mode, Effects, and Criticality Analysis (FMECA) on each HyStEP device. The purpose of the FMECA is to analyse and assess potential failures within a process or device for safety hazards and performance, and the causes and effects of those failures and levels of performance. After which, it identifies what actions could be taken to eliminate or reduce the chance of each failure occurring and performance being improved.

Initially, the HyStEP device has been used for certifying fuelling stations in California, which currently has the most hydrogen fuelling stations of any state in the US. Construction is expected to begin on additional stations in 2017. Intertek is uniquely placed to harness the opportunities for safety and performance testing and certification in the alternative fuels industry in the US market.

WATER QUALITY COMPLIANCE AROUND THE WELSH COAST

Intertek has led the modelling and compliance for Welsh Water’s largest ever scientific coastal investigation, an £8m project across 49 coastal sites around Wales and has also provided numerous innovative techniques and a state-of-the-art assessment methodology.

Intertek Energy & Water is working with the Dwr Cymru Welsh Water (DCWw) Capital Delivery Alliance supporting an extensive field data collection programme designed to ensure that data are suitable for model calibration and compliance investigation. This data will be combined with outputs from sewerage network models to feed into Intertek’s state-of-the-art compliance assessment systems.

We have been working continuously with DCWw for 15 years and have built an extensive knowledge of the physical processes of coastal waters, estuaries, river catchments and reservoirs. This work is a valuable step in extending our understanding of water quality issues and building on previous solutions in order to meet the latest regulatory targets.
RESPONSIBLE INVESTMENT
Delivering sustainable returns is a key enabler of our 5x5 strategy for growth and incorporates Responsible Investment (RI). At Intertek, RI includes the evaluation of Environmental, Social & Corporate Governance (ESG) risks as part of the investment process. ESG due diligence forms a key part of our acquisition review process as well as when assessing capital expenditure decisions on new and innovative ATIC services. We ensure that we have identified potential ESG risks, and have in place corresponding mitigation plans and remedies. Our investment process, in line with our overall Group strategy, ensures that we maintain the right balance between performance and sustainability.

A further example of our focus on RI for our stakeholders is the Joint Venture formed with ABC Anatic in Mexico, which expands our sustainability offering to our customers, for more details see page 29.

STEWARDSHIP AND GOVERNANCE
At Intertek, the Board of Directors oversees and has the responsibility for setting the Group’s strategy and performance and risk management (see pages 56 to 64). The Board acknowledges the importance of diversity in the boardroom as a key component of good governance. As at 31 December 2016, the Board’s composition was 33% female and 67% male and for the senior leadership group (502 people at the end of 2016), 25% female and 75% male. To read more about our Board diversity see page 57.

Sustainability and CSR are integrated into Intertek through policy distribution and through our Code of Ethics framework. Our operations and support functions are responsible for identifying and evaluating risks applicable to their areas of the business and the design and operation of suitable internal controls (see ‘Principal risks and uncertainties’ on pages 34 to 39). The Board has overall accountability for Intertek’s sustainability and CSR, and the Group-wide strategy and implementation are the responsibility of the Senior Vice-President, Global Customer Service and ATIC Operational Excellence.

OUR PEOPLE
Our 42,452 people at Intertek work globally for our customers on a daily basis, driving the performance of our business to be the world’s most trusted partner for quality assurance. To get there, our 5x5 strategy energises our people to take Intertek to new heights, deliver our customer promise and to live our own values. We want to foster a company culture where our people are recognised for being inspired to find innovative ways to continually develop our business and are engaged in what we do for our customers. How we give our people opportunities, how we integrate our people into our mission and values, and how we engage and inspire our people to deliver our mission across our global business in a way that our stakeholders expect, are at the heart of our business.

ENERGISING, INSPIRING, AND ENGAGING TALENTED PEOPLE
In 2016, we have launched our 10x recognition awards programme to celebrate the success of our people who have been energised and inspired to live our values and deliver our customer promise. The programme recognises the individual contributions that our people have made to power our 5x5 strategy throughout our global business. The Executive Management Team collectively select and award individuals to celebrate their contributions made for exceptional performance.

At Intertek, we are proud to be an Equal Opportunities Employer and all qualified applicants are considered for employment regardless of gender, ethnicity, religion, age, and other protected characteristics. We believe that this is an important element of attracting talented people to engage them from the beginning. 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 via our website (www.intertek.com/careers) and employ different ways of sourcing talented people, such as recruitment agencies, social media, printed advertisements, employee referrals, professional bodies and associations, schools, colleges and universities. In order to offer people career growth and progression within the Group, where possible, we fill vacancies from within the Company first.
INCLUSION AND DIVERSITY
To live our values and be a global family that is inclusive and values diversity, we apply all employment policies and practices, including recruitment, promotion, reward, working conditions, and performance management related policies, in a way that is informed, fair and objective. Our inclusion and diversity policy acts to eliminate discrimination so that our employees are treated fairly, feel respected and included in our workplaces. We are committed to maintaining the highest standards of fairness, respect and safety and adhere to the principles of the UN Convention on Human Rights and the International Labour Organization’s core conventions.

Total number of Intertek employees over the last five years in relation to revenue shows continuing growth in employment and careers.

INVESTING IN THE GROWTH OF OUR PEOPLE
To seize the exciting growth opportunities of our Total Quality value proposition we invest in the growth of our people. We want to provide the potential leaders of Intertek with skills to grow our business, to hire, inspire, engage and retain the best people to power our 5x5 strategy. We want our people to grow by learning new skills to help them advance their careers and deliver our customer promise. Our talent mapping process is critical to the future success of our organisation to deliver our strategy and foster our passionate culture and our values throughout Intertek.

PROFESSIONAL CONDUCT
Intertek has the vision of becoming the world’s most trusted partner for quality assurance. To achieve this, we work tirelessly to ensure the work that we do in many markets across the world is protected against risks by ensuring compliance with local, national and international laws. Maintaining the trust and confidence of our customers by assuring the validity and accuracy of reports and certificates that we deliver through our ATIC services is a top priority for us.

Intertek is committed to improving its culture of upholding the highest standards of integrity and professional ethics. All issues relevant to our Code of Ethics can be raised and discussed openly and we operate a strict integrity policy of zero-tolerance regarding breaches of our compliance policy. To support this policy in action, all people working for or on behalf of Intertek are required to sign our Code of Ethics upon joining the Company or before commencing work on our behalf, confirming acceptance of the high standards expected of them in all business dealings. The Code sets clear expectations that people working for our business must act with integrity and in an open, honest, ethical and socially responsible manner. 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. To support their continual understanding, they are required to complete our comprehensive online Code of Ethics training course annually.

To empower the people who work for Intertek to act, we have a well-publicised hotline for all employees, contractors and others representing Intertek, enabling them to confidentially report suspected misconduct or breaches of the Code. Our whistle-blowing hotline is run by an independent, external provider, it is multi-language and accessible to all employees 24 hours a day either by phone or by email. Those concerned are encouraged to report any non-compliance, integrity or ethical concerns using the hotline. Posters are present in all our sites.
If a report is made to the hotline, it is followed up by Intertek’s Compliance officers. All reports are investigated and, where required, are escalated immediately, provided there is no conflict of interest, to the Ethics & Compliance Committee which is chaired by our Group CEO and also includes our Group Legal Counsel, SVP Global Customer Service & ATIC Operational Excellence and EVP Human Resources. This ensures effective resolution both of individual issues and any systemic or process improvements which can be made to address them.

During 2016, 163 reports of non-compliance with our Code of Ethics were made to our hotline. Of those reports, 47 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 two environmental incidents;
- there were no reported violations of the rights of indigenous people; and
- there were no cases of discrimination.

**MODERN SLAVERY**

As a global provider of quality solutions, including supply chain assurance and modern slavery audits, for its clients, Intertek is committed to preventing slavery and human trafficking in its own corporate activities and to ensuring that its own supply chain is free from modern slavery.

The Group analyses its supply chain on an ongoing basis as part of its risk, compliance and ethics framework. We have corporate policies and governance processes to support our efforts to address the issues covered by the Modern Slavery Act 2015, including: the Code of Ethics (with regular refresher training for all employees); a confidential and external hotline on which issues can be reported; a labour and human rights policy; and clear recruitment policies aimed at fair recruitment and treatment of employees.

Furthermore, to demonstrate our commitment to continued improvements and achieving an industry-leading standard in this area, we will work to put in place enhanced policies, procedures and due diligence processes for suppliers which are aimed more specifically at evaluating the risk of, and preventing, modern slavery issues.

**HEALTH & SAFETY**

Managing the health, safety and welfare of our people, clients and third parties connected with the business, is a top priority for us at Intertek. Intertek is committed to the continuous review and improvement of its health and safety performance and works towards achieving zero incidents.

As a key element of our commitment to health and safety this year we have launched our ‘Speak up for Safety’ campaign across the whole of Intertek. One of our key goals is to ensure that our colleagues are fully engaged in creating a safe working environment.

Our employees have signed the ‘Speak up for Safety’ pledge to demonstrate their commitment to lead by example and look out for the safety of co-workers, customers, and the community. It also represents the commitment to working safely and bringing a positive attitude to ensuring that best safety practices are followed and concerns are voiced. Our people are able to report all incidents quickly in a standardised way on our Group intranet.

During 2016 we achieved a 21% reduction in lost time injuries and an 8% reduction in medical treatment injuries.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupational fatalities</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Lost time injuries rate*</td>
<td>0.25</td>
<td>0.18</td>
<td>0.25</td>
</tr>
<tr>
<td>Medical treatment injuries rate*</td>
<td>0.35</td>
<td>0.56</td>
<td>0.34</td>
</tr>
</tbody>
</table>

* Rates refer to the number of lost time injuries and medical treatment injuries occurring per 200,000 hours worked.

We go to great lengths to train all of our employees on health and safety matters, including emergency response procedures and intervention and reporting of accidents, incidents and near misses, during on-boarding. Where relevant, all employees and contractors are provided with personal protection equipment when performing work for the Company.

To ensure that each Intertek location is able to operate safely, there is a dedicated fire warden, first- aider and health and safety representative at each Intertek location. These representatives are empowered to not only investigate incidents and implement preventive and corrective actions, but also to disseminate safety information through training and continual improvement programmes to target specific areas of concern that are identified.
SUSTAINABILITY AND CSR
continued

OUR ENVIRONMENT
At Intertek, we aim to minimise the impact of our operations on the environment by understanding and mitigating against our material impacts. In doing so, we can target where we take action and do this through reducing energy consumption in our buildings and facilities, utilising renewable sources of energy, implementing ‘green’ waste management practices, efficient water management, minimising business travel, carbon offsetting and operating quality management systems. To support this effort, our environmental and climate change policy is implemented through country management to ensure compliance with local guidelines and regulations.

For 2016, Intertek’s electricity consumption was reported to be 227,534 MWh (5.55 MWh per employee) and gas consumption was reported to be 70,556 MWh (1.72 MWh per employee). Our Greenhouse Gas (GHG) emissions accounting system has been implemented using the guidelines of the GHG protocol and DEFRA. In this report, we are reporting for the annual period from 1 October 2015 to 30 September 2016. The corresponding average number of employees for this time period was 40,983.

CO₂e1 emissions from activities for which Intertek is responsible include:

<table>
<thead>
<tr>
<th>GHG Emissions (tonnes of CO₂e)1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 the combustion of fuel</td>
<td>58,283</td>
</tr>
<tr>
<td>operation of facilities</td>
<td>13,813</td>
</tr>
<tr>
<td>Scope 2 purchase of electricity, heat or steam</td>
<td>126,069</td>
</tr>
<tr>
<td>Outside of scope</td>
<td>679</td>
</tr>
<tr>
<td><strong>Total emissions</strong></td>
<td><strong>198,844</strong></td>
</tr>
</tbody>
</table>

Intensity ratios CO₂e per employee

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂e per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4.85</td>
</tr>
<tr>
<td>2015</td>
<td>4.86</td>
</tr>
<tr>
<td>2014</td>
<td>5.29</td>
</tr>
</tbody>
</table>

1. CO₂e - Carbon dioxide equivalent.

To ensure full completeness of the business’s GHG emissions globally across our whole business, actual data was compiled for all the major operating countries. Where necessary, to cover some sites that were not able to provide actual data, some figures were extrapolated. Extrapolation was based on equivalent activity data figures, i.e. electricity and gas consumption, of one employee and then multiplied by the actual number of people at sites. This was not the case for minor contributions such as fugitive emissions. Where sites provided data covering only part of the year these figures were extrapolated linearly to cover the full year.

ENVIRONMENTAL MANAGEMENT SYSTEMS
Our environmental management systems are geared towards minimising our impacts on the environment. We carefully plan what we are going to do, checking throughout the year how we are impacting the environment to ensure that we are acting responsibly. Here are some examples of the good work that we have done in 2016:

- At our site in Mexico City we have implemented a water recycling system. This supports the water needs of our textile laboratory which washes clothing as a part of the testing process. The system reduces our consumption of fresh water, thereby reducing our demand on local water supplies.
- This year, across 76 sites in the United States, we have launched a programme to improve our management of non-hazardous waste. The programme focuses on connecting our sites to local opportunities for minimising how much waste we send to landfill and to increase recycling. We have implemented new performance metrics so that each site can utilise the waste programme offerings at the local level.

At Intertek, to minimise the risk of harmful and hazardous substances impacting the environment and harming people and ecosystems, we operate strict controls to manage the handling, storage and disposal of harmful and hazardous substances. Intertek employees are fully trained in the safe handling of such substances and are provided with appropriate equipment and clothing to protect themselves and reduce the risk to the environment. A key element of continuous improvement is the reporting of incidents which all employees are trained to do.
OUR COMMUNITIES

We are committed to the cultural values and the relationships that we share with the communities in which we operate. Fostering good relationships supports our standing in the community and our business. Here, we have selected some examples from across Intertek of how we have engaged with our local communities during 2016:

EMEA
Intertek has shown its continued commitment to promoting Science, Technology, Engineering and Mathematics careers for the fifth year running. This year, we have sponsored and judged on the panel of the Aberdeen Schools’ Science Fair in the UK.

In France, Intertek employees took part in ‘La Parisienne’ charity race to join the race against breast cancer. The race course saw participants run 6.7km through the streets of Paris.

Intertek volunteered to support the Humedica project ‘Geschenk mit Herz’ to certify Christmas parcels going to disadvantaged children in Germany. Every donated parcel had its contents checked to remove unsuitable gifts, such as breakable items or toy weapons and to ensure that each child received gifts appropriate for their age and gender.

APAC
As a part of the ‘Swachh Bharat Abhiyan’ Initiative, a government-led initiative, Intertek India’s ‘Hygiene and Sanitation Improvement Project’ launched in 2015 was completed in 2016. This year, Intertek has funded and been part of the construction of drainage, sewage and road systems around the Intertek India Delhi office. Intertek has also worked with local volunteers to clean streets as a part of the project.

In Bangladesh, Intertek employees travelled to areas most affected by the seasonal flooding to support the relief effort. We distributed food, drinking water, money and other essential items to support around 255 families affected by the floods.

Intertek volunteers in Indonesia went to Bagan Lalang Beach near Kuala Lumpur to pick up litter. This activity supports local biodiversity and makes the beach a better place to visit for the local community.

In Hong Kong, Intertek volunteers visited elderly people who live alone during the Mid-Autumn Festival. We delivered festive food and supplies to help elderly people in poverty during a time when people come together in the community.

AMERICAS
Intertek employees in Grand Rapids donated supplies to a local school to help disadvantaged children. The donations came in the form of rucksacks filled with items such as notebooks, markers, pens and folders to ensure that they started the school year with everything they needed to help them learn.

In the wake of hurricane Matthew, Intertek employees in Arlington Heights, USA, packed 1,700 meals to send to Haiti. Working with charitable organisations, this was an initiative that contributed to tackling the risk of hunger in the aftermath of a natural disaster.

In Mexico and Central America, executives assembled and tested wheelchairs for children with disabilities. The finished wheelchairs were presented to the children as a part of the regional annual management conference.

The Strategic Report was approved by the Board on 6 March 2017.

By order of the Board

André Lacroix
Chief Executive Officer

Global Reporting Initiative (GRI) G4 guidelines provide a recommended framework and indicators for reporting. A table outlining the GRI standard disclosures is provided on our corporate website at www.intertek.com/about/corporate-responsibility/. All data used for performance indicators is representative of the GRI Guidelines.