



INTERTEK GROUP PLC

INTERTEK'S MODERN SLAVERY STATEMENT 2017

This statement has been published in accordance with the UK's Modern Slavery Act 2015. It sets out the steps taken by Intertek Group plc and other relevant group companies ("Intertek") during the year ended 31 December 2017 to prevent modern slavery and human trafficking in its business and supply chains

1. INTRODUCTION

Intertek published its first Modern Slavery Statement in April 2017. Since then, we have continued to improve our understanding of Modern Slavery risk in our business and operations, enhance our controls on suppliers and put in place a new risk governance structure for workplace concerns, including modern slavery.

In addition, during 2017 we established a set of sustainability priorities which are aligned with our Group strategy and the UN Sustainable Development Goals. Our work on preventing modern slavery is supported by our first sustainability priority, which is to have a positive impact on our people, our suppliers and the communities in which we operate.

As a global provider of total quality solutions, including supply chain assurance and modern slavery audits, to our clients, we fully understand that modern slavery can occur in every region in the world and every industry sector. We have a zero tolerance approach to forced labour, human trafficking and modern slavery and are committed to preventing it in our own corporate activities and supply chains.

All of our employees are expected to report any modern slavery concerns, using the appropriate reporting channels, and management are expected to act upon those concerns immediately.

2. BUSINESS OVERVIEW

2.1 Our operations

Intertek has more than 43,000 employees in 1,000 laboratory and office locations in over 100 countries. We deliver total quality assurance solutions 24 hours a day, 7 days a week, to clients across almost all industry sectors.

The services we provide include assurance, testing, inspection and certification, and our businesses and operations fall under three global divisions: Products, Trade and Resources. The majority of our services are carried out in our laboratories and offices, though our inspectors and auditors carry out field work at client sites or other sites in our clients' supply chains.

2.2 Our supply chains

As a provider of professional services, our own supply chain is primarily associated with the goods and services delivered to our laboratories and offices. These include security,

maintenance, cleaning and catering services and the supply of office and laboratory equipment.

We selectively ask for the operational support of contractors and sub-contractors to perform certain types of activities and/or in certain jurisdictions or geographies.

3. INTERNAL POLICIES AND CONTROLS

3.1 Our policies

We have a number of policies in place which are relevant to modern slavery.

Intertek has a **Labour and Human Rights Policy** in which we confirm our commitment to the United Nation's Convention on Human Rights and the International Labour Organisation's eight core conventions on fundamental human rights (non-discrimination; forced labour; child labour; freedom of association and collective bargaining; harassment; working hours; benefits and wages; leave; and employee contracts and letters).

Our Labour and Human Rights Policy is embedded in our culture because it forms part of our **Code of Ethics** (www.intertek.com/investors/governance/code-of-ethics/).

Training on our Code of Ethics is provided to all new employees when they join Intertek, and all employees are required to complete refresher training annually. When completing the training, all employees are required to sign a certificate confirming their understanding that any breaches of the Group's Code of Ethics (including our Labour and Human Rights Policy) will result in disciplinary action that may include summary dismissal of the employee concerned.

We reinforce our Code of Ethics with our business partners, who include contractors, sub-contractors and suppliers. Certain business partners, including sub-contractors, are given a copy of our Code of Ethics and required to commit to its principles, including the principles of our Labour and Human Rights Policy, before we contract with them.

Although our Labour and Human Rights Policy covers modern slavery, we have this year implemented a separate **Modern Slavery Policy**. This policy requires us to communicate our expectations relating to preventing modern slavery to our suppliers, and to take actions including termination of contracts if those expectations are not met. The Group General Counsel has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it. The Legal, Risk & Compliance Department has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and reviewing internal control systems and procedures to ensure they are effective in countering modern slavery.

3.2 Our contractual and reporting controls

We ask our suppliers to use our standard agreements for the supply of goods and services. These contain contractual terms which require our suppliers to comply with Intertek's policies, including our Code of Ethics and Labour and Human Rights Policy. Suppliers which breach our policies face appropriate actions, including termination of contracts. Whilst we know that such contractual terms do not guarantee compliance in practice, we believe they are an important way of setting our expectations, defining acceptable practices and using commercial incentives to promote the right behaviours.

We provide an independent, third-party **whistleblowing Hotline**, which is aimed primarily at our employees but is also open to any person who works within our supply chain. The Hotline can be used to report any ethical, integrity or compliance issue – which includes human rights violations such as modern slavery. All reports received through our Hotline are fully investigated by our Group Compliance function, which is independent of our operational businesses and reports directly to our Group General Counsel. Unless there is a conflict of interest, all reports are also notified immediately to our Group Ethics & Compliance Committee which consists of our Group CEO, Group CFO, Group EVP for HR and Group General Counsel, and which provides monitoring, oversight and support in ensuring that appropriate remediation actions are taken. We take any allegations that human rights are not being respected within any part of our business or supply chain extremely seriously, with a zero tolerance approach.

4. DUE DILIGENCE AND AUDITS OF SUPPLY CHAIN AND SUPPLIERS

Due diligence on our suppliers is required as part of the minimum internal controls framework which applies across all of our operations. We adopt a risk-based and tiered approach to the level of due diligence and risk assessments we perform.

4.1 Contractors and sub-contractors

We selectively contract or sub-contract certain of our services to other laboratories, auditors or inspectors. As a professional services company, it is important that we can assure ourselves of the quality management and other processes of any party on whom we rely to provide any part of our professional services. We continue to have a robust process in place to ensure that all contractors and sub-contractors agree to adhere to our Code of Ethics, and background checks and risk assessments are performed on them, before we agree to work with them. Our internal controls require formal commercial agreements with the appropriate legal protections for Intertek, its business ethics and its reputation.

Where our contractors and sub-contractors are accredited laboratories, there is a formal audit process (which includes on-site visits) which is carried out at regular intervals by the applicable accreditation body or bodies.

Where our contractors and sub-contractors are auditors or inspectors, these can either be corporate entities with their own workforce, or individuals. As audits and inspections are performed in the field (that is, at client sites or sites in the client's supply chains) the conditions in which auditors and inspectors work (including working hours, pay and accommodation at sites which can, in certain geographies, be remote) are more difficult for us to monitor and assess. We are aware that a contract with, or audit of, an auditor or inspection company provides only a limited view of the conditions in which its employees work, and we try to ensure we have direct contact with its employees as part of our H&S training or other on-boarding process. The employees of any contractor or sub-contractor have access to our whistleblowing Hotline.

4.2 Other suppliers

For our other categories of supplier, we have this year added a new minimum control requirement that any contract with a supplier of goods or services with a value of £100,000 or more per year must be reviewed by Group Compliance, which must carry out a risk assessment (including of modern slavery risk) and obtain a signed Code of Ethics from the supplier before the contract can be entered into.

As we further enhance our procurement process, our aim is to deepen our supplier due diligence so that we can start to carry out diligence on (1) lower tiers of our supply chain (by value of goods and services supplied); and (2) on suppliers of specific goods or services, or in geographies, which we believe are higher risk.

5. ASSESSMENT AND MANAGEMENT OF MODERN SLAVERY RISK

5.1 Our Group approach to risk management

In 2017 we implemented a framework of regional, divisional and functional risk committees which report ultimately to the Group Risk Committee (a delegated committee of the Intertek Board). Each regional and divisional risk committee has a senior HR and Compliance representative. There is also a specific People Risk Committee which reviews all risks relating to our employees and those people who work on our behalf. These risk committees monitor risks within their remit using appropriate risk indicators and metrics and enable us to have strong risk assessment and mitigation processes in place across our operations, including for people, business ethics and regulatory compliance risks.

5.2 Holistic risk assessment

Like any company, we take into account external reports on the prevalence of modern slavery. However, as a provider of supply chain assurance and modern slavery audits, we are very aware of the responsibility we have to help our clients and all stakeholders to understand the global prevalence of modern slavery.

We certify supplier factories against a wide range of international standards, including Worldwide Responsible Accredited Production (WRAP), SA8000 (a leading social accountability certification standard) and our own widely-recognised Workplace Conditions Assessment (WCA) standard. Our work gives us a valuable insight into the modern slavery risk “heat map”, and we work closely with social compliance organisations, trade bodies and industry groups (such as the Mekong Club, an association of global brands whose vision is to end modern slavery in Asia) to share expertise and best practice, and help them define a targeted modern slavery strategy. We can use our expertise to help brands to assess the risk of forced labour associated with specific products, or in a given country or province, so that they can prioritise their audits and focus their investigations on areas within their supply chains where modern slavery is more likely to exist.

5.3 Risk in our operations

As a professional services business, our key asset is our people. We have extensive programmes in place which enable us to create a working environment for our people which is safe, fair and inclusive, and to facilitate the protected reporting of any issues. Our inclusion and diversity policy acts to eliminate discrimination so that our employees are treated fairly and feel respected and included in our workplaces. We are committed to maintaining the highest standards of fairness, respect and safety and we adhere to the principles of the UN Convention on Human Rights and International Labour Organization’s core conventions. In the UK we are committed to becoming a Living Wage employer in accordance with the recommendations of the Living Wage Foundation. We have now aligned our directly employed staff with the UK Living Wage and are also working towards aligning contractor staff to the recommended guidelines.

Some of the countries in which we operate have a higher modern slavery risk. We are aware that India, China, Pakistan and Bangladesh are the countries with the highest absolute numbers of people recorded in modern slavery, and equally that Cambodia and Qatar are among the countries with the highest estimated prevalence of modern slavery by proportion of their population¹. We have a number of seasonal workers in these countries, including a number of migrant workers in Qatar, and we are aware that such workers are at increased risk of abuses (such as excessive working hours and withholding of salaries) with reduced access to legal protections. We believe that our on-boarding, training, monitoring and reporting processes adequately mitigate the increased risk to these workers.

Based on our risk assessment, there is a low risk of modern slavery infringements in our own operations.

5.4 Risk in our supply chains

We seek to minimise the risk of modern slavery in our supply chain by embedding consideration of it as part of our end-to-end procurement process.

As part of our increased focus on procurement risk and our own supply chains, we have analysed our procurement categories. We have more than 15,000 suppliers across the Group, in the following key categories: contractors and sub-contractors; laboratory & office consumables; property & facilities management; travel & accommodation; IT & telephony; vehicles; and freight & courier.

Our risk assessment relating to modern slavery includes a consideration of geographic risk and the specific service or commodity supplied.

Procurement of services

As a result of the due diligence and risk assessments we carry out on our professional services contractors and sub-contractors to ensure they have the appropriate accreditations, qualifications and expertise to perform the services in our highly technical industry, we believe this part of our supply chain has a relatively low risk.

We plan over the coming year to get greater transparency and understanding of the risks around the suppliers of support services to our laboratories and offices, such as cleaners, maintenance and security.

Procurement of goods

From our review of our procurement categories, we believe that the highest risks in our supply chain will be:

- direct risks relating to laboratory coats, other items of clothing and personal protective equipment;
- indirect risks – that is, risks relating to the manufacturing or sourcing of components and/or raw materials used in our testing equipment (and technology ranging from simple petroleum sampling kits to electromagnetic chambers) and our information technology (ranging from laptops and phones to equipment in our regional data centres); and

¹ The Global Slavery Index 2016

- “brand” risks: we use branded promotional items and material for marketing purposes, which carry a potentially increased reputational risk.

From 2018 onwards, as part of our global procurement strategy, we will be seeking to rationalise our population of suppliers of both goods and services. That process is likely to involve the renegotiation of contracts and a reduction in our supply base, and our choice of supplier will be guided not just by quality and pricing considerations, but also by our strategic procurement aims which include: (1) managing our supply risk / de-risking our supply base; and (2) maintaining high ethical standards in the supply chain. We will seek increased engagement with our suppliers to encourage them to commit to our modern slavery agenda, including by signing our Code of Ethics and also requiring their own suppliers to commit to the same or equivalent policies to prevent modern slavery.

6. Governance structure and strategy for modern slavery

Prior to 2017, our modern slavery approach was governed by our **Group Ethics & Compliance Committee**: this allowed any breach of our Code of Ethics (including Labour and Human Rights Policy) which was reported using our Hotline or other communication channel to be escalated (subject to any perceived conflicts of interest) immediately to our Group CEO, Group CFO, EVP for HR and Group General Counsel. Our Group Ethics Committee continues to provide oversight of modern slavery issues, demonstrate a robust anti-slavery stance at the highest level, and set a “tone from the top” zero-tolerance approach to modern slavery in our business and supply chains.

Any reported modern slavery allegation is investigated by Group Compliance. This function is independent of our operational business and reports directly to our Group General Counsel. There were no modern slavery issues reported in 2017. Any issue which is reported and found to be substantiated would be followed by appropriate sanctions in line with our zero-tolerance approach (including disciplinary measures, termination of contract and reporting to the authorities, as relevant).

In 2017, we implemented our regional, divisional and functional risk committees which report to the **Group Risk Committee**. These risk committees review the risks arising in their area of operations on a quarterly basis, and any reported modern slavery issue (together with remediation action) will be reported to the **Intertek Board** as part of the quarterly report by the Group Risk Committee.

In addition, in 2017 we established a network of **Sustainability Champions** across our major countries and business lines to develop global connectivity across our sustainability activities. Their specific goals include maintaining best-in-class internal labour and human rights practices, activity monitoring, and liaising with HR colleagues regarding social sustainability metrics improvements. This gives us a network of dedicated colleagues with localised knowledge and contacts who can both assess our modern slavery risk and promote our zero-tolerance agenda internally, through the work we do in the communities in which we operate, or externally through the services we provide our customers. The Sustainability Champions meet monthly to discuss progress against our group priorities and share best practice. A newly formed **Sustainability Operating Committee** reports to the **Group CEO** monthly, provides the **Group Executive Committee** with a quarterly update, and the Board with an annual update.

7. Modern slavery training

Modern slavery training is provided to all our employees as part of our annual and new-joiner training on our Code of Ethics (including our Labour and Human Rights policy). Understanding of the training is tested using an online training system and completion of the test is certified and recorded. We have also used training on our Code of Ethics given by our Group Compliance function to key agents, intermediaries, consultants, contractors and sub-contractors to upskill those parties, increase their awareness of modern slavery issues and support them to implement similar policies with their own suppliers.

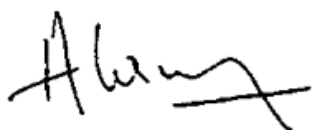
8. Effectiveness / KPIs and next steps

Like many companies, we track KPIs relating to modern slavery including: completion of our Code of Ethics training by our employees; investigations undertaken into reports of modern slavery and remediation actions taken in response; and our progress towards the UN Sustainable Development Goals.

As we develop our procurement strategy in 2018, we will also be able to track signature of our Code of Ethics by our suppliers and completion of our Code of Ethics training by key suppliers. We also plan to provide additional training on ethical sourcing and modern slavery risks to our procurement function.

However, we are an industry leader in modern slavery risk assessment for our clients. We know that tracking the above KPIs is not sufficient to prevent modern slavery. We also believe that our Working Condition Assessment (WCA) programme and supply chain risk management tools are among the most effective ways of identifying and mitigating modern slavery risk at all points of the supply and distribution chains. Our WCA programme currently focuses on the risks of modern slavery at operational sites and we are developing a holistic solution for corporations which will allow them to understand and assess both the risks in their operations and supply chains, and the effectiveness of their modern slavery risk management approach. We will test this WCA solution on own operations and supply chain so that we can robustly assess our own activities and report our findings in the future.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Intertek Group's slavery and human trafficking statement for the financial year ending 31 December 2017.



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Intertek Group plc
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