



Intertek Compliance Code

Contents

Introduction	3
Intertek Compliance Principles	5
Intertek Compliance Rules	6

Introduction

Code Objective

The objective of this Intertek Compliance Code ("Code") is to show how Intertek approaches Compliance within its organisation. This approach accords with the IFIA (International Federation of Inspection Agencies) Compliance Code which aims to enhance the status of the Profession¹ by ensuring that each IFIA Member ("Member")² abides by high standards of professional conduct throughout its Organisation³ to assure its ethical behaviour and the integrity of its services.

Code Definitions

Any words and expressions which are defined in the IFIA Articles of Association, dated 12 October 2001, shall have the same meaning in this Code unless otherwise defined herein.

Code Documentation

This Code consists of two parts as follows:-

- (i) **Intertek Compliance Principles:** stipulating the fundamental Principles of Compliance in respect of integrity, conflicts of interest, confidentiality, anti-bribery and fair marketing (Section I)
- (ii) **Intertek Compliance Rules:** providing the implementation requirements of the Intertek Compliance Principles (Section II).

¹ **"Profession"** means fields of business concerned with the assessment of relevant requirements as per normative documents such as standards, technical specifications, client specific requirements, codes of practice and regulations including, but not limited to, sampling, testing, inspection, analysis, evaluation, verification, conformity assessment and certification (Article 1, IFIA Articles of Association dated 12 October 2001).

² **"Member"** means a corporation or firm or other legal entity (but not an individual) engaged in its own right and/or through Subsidiary Companies, Associated Companies or Related Firms in carrying on the business of the Profession which meets the criteria for membership, and includes any entity designated as a group Member under Article 7(a) of the Articles of Association (§ 3, IFIA Council Regulation No.1 as amended June 2005). Except where the context otherwise requires, references in this Code to a Member include other entities within a Member's Organisation.

³ **"Organisation"** means Intertek and Intertek's Subsidiary Companies, and any corporations, firms or other bodies, over which Intertek has effective legal and/or management control, whether or not engaged in the Profession. Fields of business falling outside the Profession are included, in order to enhance and protect the reputation of the Profession as a whole, since they still fall under the control of Intertek. Such fields of business are required to comply either with the Code or with any equivalent arrangements which apply to the relevant business and which cover, as a minimum, the IFIA Compliance Principles (§13, IFIA Council Regulation No.1 as amended June 2005).

I Intertek Compliance Principles

1. Integrity

Intertek shall operate in a professional, independent and impartial manner in all its activities.

Intertek shall carry out its work honestly and shall not tolerate any deviation from its approved methods and procedures. Where approved test methods make provision for tolerances in results, Intertek shall ensure that such tolerances are not abused to alter the actual test findings.

Intertek shall report data, test results and other material facts in good faith and shall not improperly change them, and shall only issue reports and certificates that correctly present the actual findings, professional opinions or results obtained.

2. Conflicts of interest

Intertek shall avoid conflicts of interest with any related entity in which it has a financial or commercial interest and to which it is required to provide services.

Intertek shall avoid conflicts of interest between its companies and/or divisions engaged in different activities but which may be providing services to either the same client or each other.

Intertek shall ensure that its employees avoid conflicts of interest with the activities of Intertek.

3. Confidentiality

Intertek shall treat all information received in the course of the provision of its services as business confidential to the extent that such information is not already published, generally available to third parties or otherwise in the public domain.

4. Anti-bribery

Intertek shall prohibit the offer or acceptance of a bribe in any form, including kickbacks on any portion of a contract payment.

Intertek shall prohibit the use of any routes or channels for provision of improper benefits to, or receipt of improper benefits from, customers, agents, contractors, suppliers, or employees of any such party, or government officials.

5. Fair marketing

Intertek shall only present itself and conduct marketing, including any comparisons with or references to competitors or their services, in a manner that is truthful and not deceptive or misleading or likely to mislead.

II. Intertek Compliance Rules

1 Implementation

Intertek has implemented a Programme⁴, based on this Code, throughout its Organisation centrally coordinated by the Vice President of Compliance with the Business Stream Compliance Officers working at the divisional level.

2 Intertek's Compliance Principles and Rules

- 2.1 Intertek Group Board⁵, has confirmed its commitment to implementing the IFIA Compliance Code by publishing this Code.
- 2.2 Intertek has sent a copy of this Code to the Director General of IFIA for verification of compliance with the IFIA Compliance Code.

3 Compliance Officer

The Board has ultimate responsibility for its compliance Programme. The Vice President of Compliance is appointed as the Compliance Officer, who, irrespective of his/her other responsibilities shall have responsibility and authority for the co-ordination of the implementation of the Programme throughout Intertek's Organisation. Additionally, he/she shall be assisted by the Business Stream Compliance Officers in the implementation at divisional level.

4 Compliance Committee

The Board has established an Audit Committee which serves as the Compliance Committee that meets three times per year. The Audit Committee, as part of its duties, carries out an annual review⁶ of the progress of the Programme and provides policy guidance. The Audit Committee is composed of non executive directors from the Board who take reports from the Vice President of Compliance and the Chief Executive Officer.

5 Human Resources

5.1 Recruitment

Prior to job offer, prospective employees of Intertek shall be informed of Intertek's Compliance Programme (Principles and Rules).

⁴ "**Programme**" means the entire system employed by Intertek to ensure compliance with the Code including Intertek's Compliance Principles and Rules, software, processes, internal procedures, etc.

⁵ "**Group Board**" is the Board of Directors of Intertek Group plc.

⁶ The scope of the annual review includes receiving compliance reports, audit reports and ad hoc reports delegated to the Vice President of Compliance.

5.2 Employee commitment

Intertek ensures that:-

- (a) a copy of the Code is available to all employees and each is provided with a copy of a sign-off declaration (The Code of Ethics & Zero Tolerance Policy) outlining the requirements of the Code. They are required to sign that it has been received and understood and a record of this shall be kept on the Employee's file.
- (b) each Senior Manager⁷ shall be required to sign an annual declaration that Intertek's Programme has been implemented in his/her area of responsibility.
- (c) each employee shall be required to sign, as a condition of employment, a Non-Disclosure Agreement prohibiting the disclosure to other parties of any confidential business information obtained during the course of his or her employment.

Employees will not suffer demotion, penalty or any other adverse consequences arising from strict implementation of the Programme even if it may result in a loss of business.

5.3 Training

All employees, including managers, shall be required to undergo a Compliance Training Course/Briefing. A Record of course completion shall be kept.

5.4 Consultation on Code development

Employees shall have the opportunity to provide input on the development of the Programme during performance evaluations, staff training sessions, at review meetings, directly through their superiors or staff representatives, or directly to the Vice President of Compliance or the Business Stream Compliance Officers.

5.5 Ensuring Employee understanding of the Code

Employees shall have an on-going understanding of the Code by periodic briefing, communication or during employee performance evaluations (whichever is more appropriate or effective).

5.6 Employee "Help Lines"

"Help lines" (telephone, e-mail, etc.) from which employees may obtain guidance on any question or matter of concern relating to the implementation or interpretation of the Code shall be provided. At the employee's request, any such question shall be dealt with confidentially and the anonymity of the employee shall be protected to the extent reasonably practicable.

6 Security Measures

Adequate security measures are taken on premises containing confidential business information to ensure that (i) access is restricted to authorised personnel only and (ii) documents/data are stored in designated secure areas and disposed of in a secure manner.

⁷ **"Senior Manager"** includes the Officer-in-charge of the site in each country of operation and his or her superiors (e.g. regional managers, global managers, etc.).

7 External Communications

Effective external communications are ensured by:-

- 7.1 Publicly disclosing the Code and related information.
- 7.2 Providing facilities and tools⁸, to receive enquiries, complaints or feedback from relevant interested parties.

8 Reporting of Violations

- 8.1 Employees are encouraged to report details of violations or suspected violations to either (a) the Vice President of Compliance or the Business Stream Compliance Officers or (b) the employee's superior or member of senior management or internal auditor who shall, in turn, inform the Vice President of Compliance.
The reporting employee shall be fully protected against any form of reprisal unless s/he acted maliciously or in bad faith. If requested, the employee's anonymity shall be protected to the extent reasonably practicable.
- 8.2 Employees are required to report any solicitation for, or offer of, an improper payment or advantage coming to their knowledge in the same manner as provided for under section 8.1.

9 Intertek's Investigations and Sanctions

- 9.1 A Business Stream Compliance Officer or his/her nominated delegate(s) shall initiate, where appropriate, an investigation into any violation of the Programme reported to him/her or coming to his/her knowledge for his/her business stream.
- 9.2 A documented procedure is maintained for the handling of investigations and sanctions which shall include requirements for :-
 - (a) The maintenance of records of all reported violations and subsequent actions taken.
 - (b) The alleged perpetrator of such violation to have the right to be heard.
 - (c) The management to decide on the appropriate corrective and disciplinary measures to be implemented if a violation has been established. These measures may include a reprimand, demotion, suspension or dismissal.
 - (d) The Vice President of Compliance to receive progress reports from the Business Stream Compliance Officers and the reports will be delivered to the Compliance Committee.

10 Effectiveness of the Programme Implementation

10.1 Management declarations

Senior Managers are required to prepare and sign, on an annual basis, a Compliance Declaration which, as a minimum, shall be based on the template contained in Annex A. These Compliance Declarations shall be received, in respect of all applicable sites and/or activities, by the Business Stream Compliance Officers who shall consolidate and submit to the Compliance Committee via the Vice President of Compliance.

⁸ e.g. enquiry means, client surveys, etc.

10.2 Internal audits

Internal auditors (which may include a corporate internal audit function and/or internal quality auditors), as part of their internal audit plan, are nominated to verify that the Code has been implemented within the Organisation and that the Management Declarations, as per section 10.1, (a) have been completed and (b) reflect compliance with the Code and (c) in respect of those locations selected for site audits, correctly reflect the actual situation. Such site audits shall review the processes in place and include testing, on a sampling basis, to ensure the effective application and implementation of the Programme. The IFIA Guidance Check List for Internal Compliance Audits should be used for guidance or reference as appropriate.

The compliance findings resulting from such audits shall be reported to the Vice President of Compliance who shall submit a summary report to the Compliance Committee. The Vice President of Compliance and/or the Compliance Committee shall take follow-up actions where appropriate.

10.3 External examinations

10.3.1 Frequency

The effectiveness of the implementation of the Programme shall be examined at least annually by an appointed independent external audit firm. The required scope of the examination is detailed in section 10.3.5.

10.3.2 Independent external audit firm

An appointed independent external audit firm is appointed to carry-out this examination which: -

- (a) shall be (i) either the firm engaged for the audit of Intertek's (consolidated) financial statements or another external audit firm entrusted with auditing Intertek's Programme and, in either case, (ii) a member of a recognised national professional accountancy organisation or approved by the IFIA Council as being appropriately qualified for the verification of Intertek's Programme and
- (b) for Intertek's international operations: shall be an international audit firm having offices in most countries or regions where Intertek operates and employing a uniform international audit approach and methods.

10.3.3 Use of complementary external audit firms

(a) If, as per section 10.3.2(b), there are countries of operation where the international audit firm does not have offices and it is necessary to use different external audit firms (which shall comply with section 10.3.2(a)), or correspondent audit firms which do not apply a uniform approach and methods, Intertek and its international external audit firm shall report to the Director General of IFIA on the arrangements made to ensure that a consistent examination of the Programme implementation is achieved in respect of all locations. In such cases, the international external audit firm shall act as the co-ordinator of the other external audit firms and prepare one consolidated Assurance Report.

(b) The appointed external audit firm may, by agreement with Intertek, utilise the services and reports of independent management system certification or accreditation bodies⁹ which have

⁹ Certification Bodies shall be accredited by a member of the International Accreditation Forum Multilateral Arrangement. Accreditation Bodies shall be signatories to the IAF or ILAC (International Laboratory Accreditation Cooperation) Multilateral Arrangement.

performed audits of the management systems based on international standards¹⁰. However, such certification and accreditation bodies or their reports shall not be used for the verification of financial and related aspects, included in the specific Anti-Bribery requirements and section 11, without the prior approval of the IFIA Council.

10.3.4 Notification to IFIA of Intertek's appointed external audit firm(s)

Prior to the appointment of the external audit firm(s), or any subsequent proposed changes thereof, details shall be submitted to the Director General of IFIA for confirmation of compliance with IFIA requirements.

10.3.5 Scope of examination

For the purposes of demonstrating Intertek's conformance with the IFIA Compliance Code, the external audit firm is required to:-

(a) Perform, as a minimum, the following assurance Review Procedures based on ISA¹¹ as adapted for the IFIA Compliance Code:-

- (i) Verify that the Code remains identical to that submitted to, and approved by, IFIA.
- (ii) Verify that Intertek has established a Programme incorporating the requirements of the Code.
- (iii) Observe the existence of internal management systems, processes and controls in respect of (a) alleged violations (b) Compliance Committee records¹² and (c) compliance training.
- (iv) Review the following consolidated management statements:-
 - Political Contributions
 - Charitable Contributions and Sponsorships
 - Intermediaries' remuneration
 - Extraordinary expenditures relating to gifts, hospitality and expensesand verify whether these statements:-
 - reconcile with the accounting records and supporting documentation
 - have been approved by the Compliance Committee where applicable.
- (v) Verify that all Management Declarations have been received and test¹³ the follow-up systems employed for ensuring that all matters of concern or reports have been addressed or acted upon by the Vice President of Compliance or, where applicable, his/her nominated delegate(s).
- (vi) Any other areas and audit procedures as considered appropriate by the external audit firm and agreed with Intertek.

¹⁰ For example, ISO 9001, ISO/IEC 17020 or ISO/IEC 17025.

¹¹ "ISA" is the International Standard on Auditing.

¹² "Records" shall include Minutes of meetings, decisions and approvals.

¹³ "Test" shall mean verification by sampling which, in respect of systems, shall include examination of specific records to confirm that the actions taken are in conformance with Intertek's Programme.

(b) Perform the assurance Review Procedures, as per section 10.3.5(a), by audit sampling in respect of both the locations and the systems and documentation applicable to those locations. The audit sampling shall be agreed between the auditor and Intertek, based upon a compliance risk assessment and taking into account Intertek's Organisation and peculiarities.

(c) Maximise the use of the services of Intertek's Corporate Internal Audit function and/or Internal Quality Auditors to avoid duplication of efforts and minimise additional costs.

10.3.6 External audit firm's "Assurance Report"

(a) The external audit firm is required to issue an Assurance Report based on the Proforma Assurance Report, contained in the IFIA Compliance Code, which is provided for guidance and may be adjusted as considered appropriate by the external audit firm and/or as may be required by professional standards.

(b) The external audit firm is required to send a copy of their Assurance Report to the Director General of IFIA within 6 months of Intertek's financial year-end closing date.

10.3.7 Reportable Conditions¹⁴

Reportable Conditions which are detected by the external audit firm during performance of the Assurance Review Procedures shall be reported in the Assurance Report regardless of whether or not Intertek has already taken corrective action.

The external audit firm is not required to include in its Assurance Report any minor non-conformities detected. These shall be communicated separately to Intertek's management for corrective action within the time frame stipulated by the auditor.

11 Application of the Code in Business Relationships

To ensure the Code is applied, to the extent appropriate, in the business relations with external parties such as intermediaries, joint venture partners, agents and subcontractors, contractors and suppliers, the following shall be implemented:-

11.1 Intermediaries¹⁵

To (a) ensure each Intermediary's compliance with Intertek's Compliance Principles and (b) avoid improper payments being channelled through Intermediaries, Intertek shall provide all Intermediaries with a copy of the Intertek's Compliance Principles and:-

11.1.1 Prior to appointing an Intermediary, or renewing or substantially revising the terms of the appointment of an Intermediary appointed prior to the entry into force of the Code, conduct due diligence which shall include:-

- (i) A risk analysis
- (ii) An interview with the Intermediary

¹⁴ **"Reportable Conditions"** means :-

Significant deficiencies in the design or implementation of Intertek's Programme that adversely affect Intertek's ability to ensure conformity with the IFIA Compliance Code.

¹⁵ **"Intermediary"** is any entity or individual external to Intertek, that/who is required, as part or all of its/his/her responsibilities, to promote the services of Intertek to Government officials or departments. This includes "middlemen", consultants and advisors for obtaining business or used in business negotiations.

- (iii) Confirmation that, in the event of his/her/its appointment, or re-appointment, he/she/it accepts that his/her/its contract with Intertek shall require his/her/its full compliance with the Principles and allow that this may be periodically verified by Intertek.
- (iv) An investigation of the Intermediary's background which, for Intermediaries required to deal with government officials, shall be performed by an independent investigator and a summary of the findings reviewed and approved by the Compliance Committee.
- (v) A verification that the remuneration paid to each Intermediary is appropriate and justifiable for legitimate services rendered, and does not facilitate improper payments by an Intermediary, through :-

(A) A remuneration analysis. This may include, where appropriate, consideration of:-

- (a) the remuneration of other Intermediaries already used by Intertek for performing a similar function
- (b) quotations from other prospective Intermediaries
- (c) local market information on rates paid to Intermediaries
- (d) justification for the rate proposed for the prospective Intermediary, and

(B) A review of the remuneration analysis and, for Intermediaries required to deal with government officials, an approval by the Compliance Committee prior to any payments being made to the prospective Intermediaries.

11.1.2 Monitor the Intermediary's continual compliance with the Intertek's Compliance Principles and, in the event of breach, take remedial action which could, for serious breaches, result in termination of the contract.

11.1.3 Where appropriate, provide training and support to the Intermediary.

11.1.4 Maintain records of fulfilment of the above mentioned requirements, including a copy of the contract with the Intermediary, consistent with the Intertek's Compliance Principles .

11.1.5 Account for the intermediaries' remuneration in a separate general ledger account in the accounting records. All such payments shall be consolidated.

11.1.6 Prepare annually a consolidated management statement of Intermediaries' remuneration.

11.1.7 Not deal with Intermediaries which it knows to be involved in bribery.

11.2 Joint venture partners

11.2.1 Due diligence of prospective joint venture partner(s) shall be conducted to the extent determined by risk analysis and may include some or all of the components outlined in section 11.1.1.

11.2.2 Intertek shall not deal with any joint venture partner(s) which it knows to be involved in bribery.

11.2.3 The joint venture partner's compliance with the Intertek's Compliance Principles shall be monitored through monitoring of its conduct and, as appropriate, periodic verification.

11.3 Agents¹⁶ and subcontractors¹⁷

¹⁶ "Agent" shall mean any external entity that is required as part or all of its responsibilities to provide operational services, within the definition of Profession (see footnote 1), on behalf of Intertek.

- 11.3.1 Due diligence of prospective agents and subcontractors shall be conducted to the extent determined by risk analysis and may include some or all of the components outlined in section 11.1.1.
- 11.3.2 Where appropriate, training for agents and subcontractors shall be provided.
- 11.3.3 Intertek shall not deal with agents and subcontractors which it knows to be involved in bribery.
- 11.3.4 The agent's or subcontractor's compliance with the Intertek's Compliance Principles shall be monitored through monitoring of his/her/its conduct and, as appropriate, periodic verification

11.4 Contractors and suppliers

- 11.4.1 Procurement practices shall be conducted in a fair and transparent manner.¹⁸
- 11.4.2 Due diligence shall be considered in evaluating major prospective contractors and suppliers. The appropriateness and extent of due diligence shall be determined by risk analysis and may include some or all of the components outlined in section 11.1.1.
- 11.4.3 The Intertek's Compliance Principles shall be made known to major contractors and suppliers used in the course of government jobs.
- 11.4.4 Intertek shall avoid dealing with contractors and suppliers which it knows to be involved in bribery.

12 Complaints and Disciplinary Procedures

- 12.1 Complaints concerning alleged non-compliance with this Code by other IFIA Members shall be lodged with IFIA in accordance with the IFIA Complaints and Disciplinary Procedures. Intertek shall refrain from submitting such complaints to other parties unless it is necessary to do so to protect its reputation.

¹⁷ "**Subcontractors**" shall mean entities or persons performing out-sourced activities within the definition of the Profession (see footnote 1).

¹⁸ "**Fair and transparent manner**" shall mean that Intertek's purchasing and procurement processes ensure level and equal terms of competition and should set out and publicise how bids and quotations are invited and assessed. This will include the criteria and specifications against which decisions are made and confirm that competitive bids are obtained for all larger contracts and full information is provided on the decision process.

13 Specific Applications of Intertek's Compliance Principles

13.1 Integrity

- 13.1.1 Employees shall deal with clients who expect Intertek to abuse tolerances to obtain acceptable results by politely declining to do so and immediately reporting the details of communications to their line manager. Where approved test methods make provision for tolerances in results, such tolerances shall not be abused by employees to alter the actual test findings.
- 13.1.2 In respect of those business sectors in which Intertek is active, Intertek shall comply with any sector specific Integrity Rules published by the applicable IFIA Committee.

13.2 Conflicts of interest

13.2.1 In order to avoid conflicts of interest, or the appearance of conflicts of interest, in business transactions and services, Intertek maintains the following policy.

13.2.2 Conflicts of interests between

- i) Intertek and related entities in which Intertek has a financial or commercial interest and to which it is required to provide services, and
- ii) Intertek's companies and/ or divisions engaged in different activities but which may be providing services to either the same client or each other shall be avoided.

13.2.3 Intertek's policies provide, at a minimum, that Intertek's Employees shall not:

- a) directly or through relatives, friends or intermediaries, acquire an interest in a supplier, a client or a competitor of Intertek, except for the acquisition of shares of a client, supplier or competitor on a public stock exchange, and then only to an extent which does not grant significant influence over the affairs of the client, supplier or competitor and which does not make the employee unduly dependent on its financial fortunes;
- b) hold any position with a competitor or client;
- c) conduct any company business with any member of their family or with an individual or organisation with which they or their family is associated. Where Intertek conducts business with an entity or person associated with an employee, it shall be with management approval and the employee shall not be directly involved. The entity or person shall be subject to no preferential treatment by virtue of the connection.
- d) employ a member of their family without approval of their management. All directors are required to disclose any related party transactions on an FRS8 form at year end.

13.3 Confidentiality

13.3.1 Each employee is required to sign a Non-disclosure Agreement which prohibits the disclosure of any confidential business information, obtained during the course of his/her employment, to other parties. This may form part of the employee's employment contract.

13.3.2 All intermediaries, joint venture partners, agents, subcontractors, contractors and suppliers are made aware of the confidential nature of business information that they may handle through their dealings with Intertek, and that they should not disclose confidential information to other parties.

13.4 Anti-bribery

13.4.1 Compliance with laws

- a) Intertek Compliance Code shall meet the requirements of the IFIA Compliance Code and local laws relevant to countering bribery in all the jurisdictions in which Intertek operates.
- b) In the event that the local laws specify additional or different requirements, which are not covered by the Programme, Intertek shall modify its Programme for the country(ies) concerned. Records shall be kept of countries where their Programme has been modified.

13.4.2 Analysis of risks

The Vice President of Compliance, the Business Stream Compliance Officers and/or the senior executive, or his/her delegate, in each country of operation shall organise periodic reviews to assess bribery risks and determine appropriate control measures. Such reviews shall be systematically conducted:-

- (i) Prior to the commencement of a new service or the start up of operations in a new country and
- (ii) Whenever a significant breach of the Code occurs which warrants a review of the existing control measures.

13.4.3 Political contributions¹⁹

In order to ensure that Intertek, its employees, agents or intermediaries shall not make direct or indirect contributions to political parties, organisations or individuals engaged in politics, as a way of obtaining advantage in business transactions, the following shall be implemented:

- (i) Political contributions below and including GBP 1,000 require approval from the Divisional CEO. Political contributions over GBP 1,000 require approval from the Intertek Group CEO.
- (ii) Proposed political contributions over GBP 10,000 require main board approval.
- (iii) Any proposed political contributions shall take into account the applicable laws in the countries concerned.
- (iv) All political contributions are accounted for in a separate general ledger account in the accounting records. All such payments shall be consolidated.
- (v) A consolidated management statement of all political contributions made including those made on its behalf by its employees, agents and intermediaries shall be prepared annually.

13.4.4 Charitable contributions and sponsorships²⁰

¹⁹ **"Political contributions"** include any contribution, made in cash or kind, to support a political cause. Contributions in kind can include gifts of property or services, advertising or promotional activities endorsing a political party, the purchase of tickets to fund raising events and contributions to research organisations with close associations with a political party.

²⁰ **"Charitable contributions"** in the context of anti-bribery shall mean payments in excess of £ 10,000 (ten thousand pounds sterling) made for the benefit of society for charitable, education, social welfare and similar causes. The payments are made without demand or expectation of business return.

To ensure that charitable contributions and sponsorships are not being used as a subterfuge for bribery, the following shall be implemented:-

- (i) Charitable contributions and sponsorships below and including GBP 1,000 require approval from the Divisional CEO. Charitable contributions and sponsorships over GBP 1,000 require approval from the Intertek Group CEO. Proposed charitable contributions or sponsorships over GBP 10,000 require main board approval.
- (ii) Additionally, Divisional CEOs need to refer requests for charitable contributions or sponsorships over GBP 1,000 to the Business Stream Compliance Officers for risk assessment. This assessment will determine whether any due diligence is necessary and if so, the extent of due diligence required.
- (iii) Any proposed charitable contribution or sponsorship in excess of GBP 10,000 shall be subject to mandatory due diligence review to ensure that:-
 - (a) The organisation receiving the contribution or sponsorship is reputable following a purpose unequivocally in the public interest and having the financial and personnel resources required to reach its purpose. Care should be taken to ensure that the organisation is not a "front" for some other purpose. Donations to individuals shall be avoided unless approved and monitored by the Compliance Committee.
 - (b) There are no conflicts of interest²¹.
- (iv) Sponsoring agreements shall be in writing and state the consideration being offered by Intertek: if funds are offered, the use of these funds shall be specified in detail and an opportunity to check on their use must exist.
- (v) Records shall be maintained locally of all charitable contributions and sponsorships and progress monitored to ensure that they have been used for the intended purpose.
- (vi) All charitable contributions and sponsorships made by Intertek shall be accounted for in a separate general ledger account in the accounting records. All such payments shall be consolidated.
- (vii) A consolidated management statement of all charitable contributions and sponsorships made by Intertek or on its behalf shall be prepared annually.

13.4.5 Facilitation payments²²

"Sponsorship" in the context of anti-bribery shall mean a transaction in excess of €10,000 (ten thousand pounds sterling) where the enterprise makes a payment, in cash or in kind, to associate its name with an activity or other organisation and receives in consideration for the sponsorship fee, benefits such as advertising credits in media, events and publications, use of facilities and opportunities to promote its name, products and services. It is a business transaction and part of promotion and advertising.

²¹ **Conflicts of interest** could occur if an employee of a customer or public body involved in the transaction has an association with the recipient organisation and his/her judgement regarding the award of contracts, or review of tenders, could be perceived as being affected by the contribution or sponsorship. Similarly, employees or business partners of Intertek may have links with the recipient organisations which could result in a conflict of interest.

²² **"Facilitation payment"** is a small payment made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement. A facilitation payment must never be made in order to retain or obtain business.

- (i) Facilitation payments are discouraged.
- (ii) Intertek UK legal entities, and subsidiary companies under the jurisdiction of UK law are bound by the UK's *Anti-terrorism, Crime and Security Act 2001*. This act forbids facilitation payments.
- (iii) For Intertek entities outside the jurisdiction of UK law, facilitation payments are not to be made to government officials, but where made in other circumstances are subject to the following requirements:-
 - (a) there is no doubt as to the entitlement of Intertek to the action to be performed
 - (b) the demander of the facilitation payment has a clear and non-discretionary obligation to perform the task
 - (c) the payment is modest
 - (d) the payment is appropriately accounted for.

13.4.6 Gifts, hospitality and expenses

To ensure that the offer or receipt of gifts, hospitality or expenses does not: -

- (a) Influence, or be perceived to influence, a contractual or material transaction or
 - (b) serve, or be perceived to serve, as an inducement to act in breach of duty,
- the following policy applies:

- (i) Gifts hospitality and expenses shall be:
 - *Made for the right reason:* the gift or entertainment should be given clearly as an act of appreciation or genuine business intent
 - *Without obligation:* the gift, entertainment or expense does not place the recipient under any obligation
 - *Without expectations:* expectations are not created in the giver or an associate of the giver or have a higher importance attached to it by the giver than the recipient would place on such a transaction
 - *Made openly:* if made secretly then the purpose will be suspect
 - *In accordance with stakeholder perception:* the transaction would not be viewed unfavourably by key stakeholders if it were made known to them
 - *Reported:* Any extraordinary gift or expense shall be recorded and reported to the management
 - *Reasonable value:* the size of the gift is small or the value of the entertainment accords with general business practice
 - *Legal:* it conforms to the laws of the country where it is made
 - *In conformance with Intertek's rules:* the gift or entertainment meets the rules of the Intertek Compliance Code
 - *Infrequent:* the giving or receiving of the items is not a frequent happening between the giver and the recipient and conforms with the guidelines in (ii)
- (ii) Intertek Employees may not ordinarily give or receive gifts with a value exceeding US\$25. Local or business stream Managers may implement a lower threshold value in accordance with the local economy if deemed appropriate. The frequency of offering or receiving a gift shall not exceed twice per year to or from any single party.

In certain countries the performance of routine or necessary actions (e.g. processing of permits or visas; provision of telephone or electricity services) cannot be obtained unless a facilitation payment is made. Internationally there are differing views on the acceptability of facilitation payments although the OECD Convention on Combating Bribery and the US Foreign Corrupt Practices Act make provision for facilitation payments where necessary.

- (iii) Where gifts to be offered or received exceed the rules in (ii), they are to be reported immediately to the employee's line and Country Manager. The Country Manager determines whether the gift may be offered, received, retained by the employee or surrendered and disposed²³ of in accordance with the principles in (i). Records of any such extraordinary gifts are to be kept and are subject to audit by the Business Stream Compliance Officer. Where the Country Manager requires advice on the acceptability of a gift, they shall confer with the Business Stream Compliance Officer.
- (iv) In the case of hospitality and entertaining, the criteria in (i) apply. Employees are expected to act reasonably when paying for or accepting hospitality. As a guideline the expense value should not generally exceed what Intertek would consider reasonable for the employee to spend on their own subsistence. Local or business stream managers may set specific guidelines within their areas of responsibility based upon the principles of (i) and (iv).
- (v) All extraordinary expenses/proceeds as specified in (iii) or outside the guidelines in (iv), shall be accounted for in a separate general ledger account in the accounting records. All such payments shall be consolidated.
- (vi) A consolidated management statement, of all extraordinary²⁴ expenses / proceeds shall be prepared annually.

13.4.7 Accounting and book keeping

Accurate books and records which properly and fairly document all financial transactions shall be maintained. Off-the-books accounts are prohibited.

13.5 Fair marketing

13.5.1 Employees, agents and intermediaries are to ensure that they understand and adhere to the Principle governing Fair marketing.

13.5.2 Presentations and publications²⁵ shall accurately and unambiguously reflect Intertek's network and affiliations, resources / capabilities, experience and services provided.

²³ Possible means of disposal could include general distribution to all employees (e.g. through lottery) or donation to charity.

²⁴ "Extraordinary" shall mean outside the limits / guidelines set in the Code

²⁵ **Presentations and publications** may include, but not be limited to, meeting or conference/seminar presentations, Tenders or Offers of services, web-sites, promotional material, etc.

Annex A

Statement on Internal Controls *(This sign off letter should be typed on your letter headed paper)*

Date

To *[Address this letter to the person you report to]*

The management under my responsibility have completed a review of controls for 2004 as set out in the appendix to this letter.

During the period of review I confirm that these controls have been effective to the best of my knowledge and ability to determine. Records that verify these controls are available for audit.

Compliance statement

1. To the best of my knowledge I, and the members of staff reporting to me, have complied in all respects with the Compliance Principles and Rules;
2. I have verified that the Compliance Principles and Rules have been distributed to each Employee who had not previously received them;
3. I have fully and completely reported to the Compliance Officer any violation or suspected violation of the Principles and Rules, including any solicitation or offer of any improper payment or advantage, which has come to my knowledge;
4. I have fully and completely implemented all corrective and disciplinary actions required by the Compliance Committee in respect of any violation of the Principles and Rules.
5. I have reviewed the progress summary for each of the required report items, the details of which are annexed to this Declaration and confirm that to the best of my knowledge it is an accurate reflection of the status of implementation of the Compliance Principles and Rules.

Signed

.....
[Insert your name and Job title here]

CC Business Stream Compliance Officer

[Note here any current exceptions to the controls listed in the appendix]

Appendix to Management Internal Control Review Letter

1.0 Operational Controls

- 1.1 Divisional Quality Management System
 - Manuals,, Audit, External Certification/Accreditation, review records, inter lab cross check programs.
- 1.2 H S & E Audits & Training
 - Statutory Returns, Stated Policy & Records
- 1.3 QA Monthly Audit Summary to Group
 - Report to Audit Committee
- 1.4 Terms & Conditions
 - Publication & Application
- 1.5 Management Reporting
 - Existence of reports

2.0 Compliance

- 2.1 Government legislation
 - Statutory reports, Permits, Licences
- 2.2 Zero Tolerance / Code of Ethics / Compliance Code
 - Records of training and sign off
- 2.3 Hotline
 - available in all sites
- 2.4 Compliance Audit
 - Audit Records

3.0 Risk Management

- 3.1 Annual Risk Matrix Review
 - Risk Matrix and audit of Risk Matrix controls
- 3.2 Claims Handling (Group SOP)
 - Incorporated in normal business documents
- 3.3 Disaster Recovery (IT)
 - Procedure in place
- 3.4 Business Continuity
 - Procedure in place
- 3.5 Insurance
 - Current Insurance register
- 3.6 Software License Control
 - Policy, Audit and Summary

4.0 Internal Financial

- 4.1 Accounting Instructions
 - Accounting & Admin Manual (Group)
 - Divisional procedures
 - Internal Audit records

End of list of Internal Controls