

# Directors' report

## Remuneration report

The elements specifically required to be audited within the shaded sections of pages 70 to 74 have been audited by KPMG Audit Plc in compliance with the requirements of the Regulations.

**Gill Rider** – Chair of the Remuneration Committee



### DEAR SHAREHOLDER

2015 has been a year of change, in which we have experienced the retirement of Wolfhart Hauser after 10 years as CEO and the appointment of André Lacroix as his successor, whilst responding positively to the continued economic challenge in key markets.

This is my first report to you and I want to start by emphasising that the Remuneration Committee (the 'Committee') takes the views of the Group's shareholders very seriously. We are sorry that our Report on Remuneration last year did not receive our shareholders' support. I would like to extend our thanks to all of our shareholders who have taken the time over the recent months to provide us with their views on executive remuneration matters. Taking into account the feedback that we received, the Committee has worked to ensure that the approach to executive remuneration at Intertek is in the best interests of both the Group and its shareholders.

The main concern for many of our shareholders last year was the approach taken to the joining arrangements for the new CEO, André Lacroix, and in particular the guaranteed bonus. Following the feedback and opposition from shareholders to this element of guarantee, and as we communicated at the time of the result of the AGM, the Board, in consultation with André Lacroix, determined that his 2015 Bonus is subject to the usual performance criteria and a compensatory award in this regard will no longer be made. In future, the Committee will ensure that we take into account the views of shareholders when considering and agreeing the remuneration arrangements for new recruits.

Following the AGM, the Committee undertook a 'deep dive' review of all of the components of the remuneration policy to ensure that they continue to support the Group's strategy and the objective of delivering sustainable long-term returns to shareholders.

Overall, the Committee determined that the core remuneration policy, which was approved by shareholders at the 2014 AGM, remained appropriate and this is reflected in the largely unchanged policy presented on the following pages for approval at our 2016 AGM.

The key area that the Committee considered appropriate to change was the approach to the annual incentive. As you will see in this year's Annual Report on Remuneration, we have simplified our measures for 2016 and aligned them more closely to the delivery of the growth strategy of the business and shareholder feedback. In line with the growth strategy of the new CEO, the annual incentive will be based solely on financial performance as follows, with effect from 1 January 2016:

- 80% – a matrix based on revenue growth and operating profit growth; and
- 20% – based on return on invested capital performance.

Bonuses will continue to be subject to a quality of earnings review at the end of the year to ensure that pay-outs are appropriate based on the underlying performance of the Group and to ensure that any awards are commensurate with the Group's culture and values.

The Committee has also updated the policy to reflect the minor changes in benefits included in the terms and conditions of the new CEO following his appointment in 2015. Benefits provided will remain within the maximum opportunity of 12% of base salary.

As outlined in the 2014 Remuneration report, the Committee deferred the setting of performance targets and the award of the 2015 LTIP; the award was made in September 2015, following the appointment of André Lacroix as CEO and consultation with shareholders. Details of the final targets are provided on page 72.

Given the increasing focus from some investors on the time horizons for long-term incentive plans, the Committee had substantial debate on the matter of extending the holding period for our Long Term Incentive Plan beyond the current six month post-vesting. In our view, given the nature of our customer facing business, the new management team now in place, the new business growth strategy and direction and also the recent history of LTIP pay-outs at Intertek – we felt it prudent to keep the holding period as it is for now. The Committee will review this next year and has provided itself with the flexibility within the policy report to increase the time horizons for LTIP awards.

With respect to 2015, the Company delivered solid financial performance, illustrated by 5.9% growth in adjusted operating profit over 2014, 6.5% growth in adjusted diluted EPS and a return on capital employed of 16.9%, with strong cash conversion. In light of the financial performance delivered during the year by the management team, the Committee approved bonus pay-outs relating to financial performance of 95.7% of the maximum. The bonus payments of André Lacroix and Wolfhart Hauser have been pro-rated for time in service.

As the performance targets attached to the 2013 LTIP, which was measured based on EPS and relative TSR performance over the three-year period to 31 December 2015, were not met, this award will lapse in full in 2016.

An additional change being made by the Committee is the introduction of a new all employee share plan to increase alignment to shareholders across the Group. The new plan, the Intertek Group plc Savings Related Share Option Scheme (comprising the UK tax-advantaged scheme and the International Scheme – the 'SRS'), will be operated in all of the jurisdictions within which the Group operates (subject to feasibility and minor changes for tax and legal purposes as required). The SRS will be subject to shareholder approval at the forthcoming AGM.

I hope you will find that you are able to support the level of remuneration we have determined for 2015 and our remuneration policy as submitted for your approval at this year's AGM. Once again I would like to thank you for your engagement and guidance during our consultation rounds this year.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. Rider', with a stylized flourish at the end.

**GILL RIDER**  
Chair of the Remuneration Committee

# Directors' report

## Remuneration report continued

### Directors' Remuneration Policy Report

The section below sets out the Remuneration policy for executive and non-executive Directors, which is subject to a binding vote of shareholders and will, if applied, be effective from the date of the 2016 AGM.

#### POLICY OVERVIEW

We continue to focus on ensuring that our remuneration policy is appropriate for the nature, size and complexity of the Group, encourages our employees in the development of their careers and is directed to deliver continued profitable growth.

Our remuneration strategy is to:

- align and recognise the individual's contribution to help us succeed in achieving our growth strategy and long-term business goals;
- attract, engage, motivate and retain the best available people by positioning total pay and benefits to be competitive in the relevant market and in line with the ability of the business to pay;
- reward people equitably for the size of their responsibilities and performance; and
- motivate high performers to increase shareholder value and share in the Group's success.

Each year the Committee approves the overall reward strategy for the Group and considers the individual remuneration of the Executive Directors and certain senior executives.

The Committee reviews the balance between base salary and performance-related remuneration against the key objectives and targets so as to ensure performance is appropriately rewarded. This also ensures outcomes are a fair reflection of the underlying performance of the Group.

As a global service business, our success is critically dependent on the performance and retention of our key people around the world. Employment costs represent the major element of Group operating costs. As a global Group our pay arrangements take into account both local and international markets and we operate a global remuneration policy framework to achieve our reward strategy.

Our peer groups for the majority of our employees consist of international industrial or business service organisations and similar-sized businesses. For our more senior executives we base our remuneration comparisons on a blend of factors, including sector, job complexity, location, responsibilities and performance, whilst recognising the Company is listed in the UK.

We believe that a significant proportion of remuneration for senior executives should be related to performance, with part of that remuneration being deferred in the form of shares and subject to continued employment and longer-term performance. We also believe that share-based remuneration should form a significant element of senior executives' compensation, so that there is a strong link to the sustained future success of the Group.

#### REMUNERATION POLICY FOR DIRECTORS

The following table sets out the key aspects of the remuneration policy for Directors:

ELEMENT OF PAY	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE MEASURES
<b>BASE SALARY</b>	To attract and retain high performing Executive Directors to lead the Group.	The Committee reviews salaries annually, taking account of the scale of responsibilities, the individual's experience and performance.  Whilst the Committee takes benchmarking information into account, its decisions are based primarily on the performance of the individual concerned against the above factors to ensure that there is no unjustified upward ratchet in base salary.	There is no prescribed maximum annual increase.  The Committee is guided by the general increase for the employee population but on occasions may need to recognise other factors including, but are not limited to, development in role, change in responsibility and/or variance to market levels of remuneration.	Individual performance is taken into account when salary levels are reviewed.
<b>BENEFITS</b>	To provide competitive benefits to ensure the well-being of employees.	Benefits include, but are not limited to, annual medicals, life assurance cover of up to six times base salary, allowances in lieu of a company car or other benefits, private medical insurance (for the individual and his dependants) and other benefits typically provided to senior executives.  Executive Directors can participate in the all-employee share plans operated by the Company on the same basis as all other employees.	The total value of these benefits (excluding the all-employee plans) will not exceed 12% of salary.  The maximum opportunity under any all-employee share plan is in line with all other employees and is as determined by the prevailing HMRC rules.	n/a
<b>PENSION</b>	To provide competitive retirement benefits.	Executive Directors can elect to join the Company's defined contribution pension scheme, receive pension contributions into their personal pension plan or receive a cash sum in lieu of pension contributions.	Up to 30% of salary.	n/a

ELEMENT OF PAY	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE MEASURES
<b>ANNUAL INCENTIVE PLAN ('AIP')</b>	To drive the short-term strategy and recognise annual performance against targets which are based on business objectives.	<p>Awards are based on Group annual financial performance targets, with performance targets set annually by the Committee.</p> <p>Normally, 50% of any bonus is paid in cash and 50% deferred into shares which will vest after a period of three years subject to continued employment.</p> <p>Accrued dividends on deferred shares during the deferral period are paid in cash or shares at the end of the deferral period.</p> <p>Not pensionable.</p> <p>Malus and clawback provisions apply.</p>	<p>The maximum opportunity is 200% of salary for all Executive Directors.</p> <p>The Committee has the ability to reduce bonus payments if it believes that short-term performance has been achieved at the expense of the Group's long-term future success.</p> <p>The Committee can adjust upwards the bonus outturn (up to the maximum set out above) to recognise very exceptional circumstances or to recognise that circumstances have occurred which were beyond the direct responsibility of the executive and the executive has managed and mitigated the impact of any loss.</p>	<p>The annual bonus will be measured against a range of key Group financial measures.</p> <p>The current intention is that none of the bonus will be subject to non-financial measures or personal performance measures. The Committee however retains the discretion to introduce such measures in the future, up to a maximum of 20% of the bonus. Where the Committee were to introduce such measures, it would normally consult with the Company's largest institutional shareholders.</p> <p>The stretch targets, when met, reward exceptional achievement and contribution. There is no bonus pay-out if threshold targets are not met.</p>
<b>LONG-TERM INCENTIVE PLAN ('LTIP')</b>	<p>To retain and reward Executive Directors for the delivery of long-term performance.</p> <p>To support the continuity of the leadership of the business.</p> <p>To provide long-term alignment of Executives' interests with shareholders by linking rewards to Intertek's performance.</p>	<p>Annual grant of conditional shares which vest after three years, subject to Company performance and continued employment.</p> <p>Awards may be made in other forms (e.g. nil-cost options) if considered appropriate.</p> <p>The shares will also be subject to a six-month holding period after vesting. The Committee has the discretion to increase the length of the holding period in future years.</p> <p>Performance targets are set annually for each three-year performance cycle by the Committee.</p> <p>Accrued dividends during the vesting period to be paid in cash or shares at vesting, to the extent that shares vest.</p> <p>The Committee may adjust and amend awards in accordance with the LTIP rules.</p>	<p>Up to 250% of salary in respect of any financial year.</p>	<p>LTIP awards are subject to performance conditions based on Earning Per Share ('EPS') growth and relative Total Shareholder Return ('TSR').</p> <p>At least a quarter of each award will be based on each of these measures, with the split determined each year by the Committee.</p> <p>25% of an award will vest for achieving threshold performance, increasing pro-rata to full vesting for the achievement of stretch performance targets.</p> <p>Awards under the TSR element of the LTIP are also subject to the satisfaction of a financial underpin.</p>
<b>SHARE OWNERSHIP GUIDELINES</b>	To increase alignment between executives and shareholders.	<p>Executive Directors are required to retain any vested shares (net of tax) under the Group's share plans until the guideline is met.</p> <p>The guideline should be met within five years of the guideline being set.</p>	<p>CEO: 200% of salary.</p> <p>CFO: 200% of salary.</p>	n/a
<b>NON-EXECUTIVE DIRECTORS' FEES</b>	To attract and retain high calibre Non-Executive Directors through the provision of market competitive fees.	<p>A proportion of the fees (at least 50%) are paid in cash, with the remainder used to purchase shares.</p> <p>Fees are determined based on the responsibility and time committed to the Group's affairs and appropriate market comparisons.</p> <p>With the exception of benefits-in-kind arising from the performance of duties, no other benefits are provided, other than to the Chairman, who receives a car allowance of £25,000 per annum.</p>	<p>As for the Executive Directors, there is no prescribed maximum annual increase. The Committee is guided by the general increase for the employee population but on occasions may need to recognise other factors including, but not limited to, change in responsibility and/or variance to market levels of remuneration.</p>	n/a

## CHANGES TO THE POLICY TABLE

All changes made to our policy are detailed in the Chair's statement. Minor wording changes have also been made to ensure that the policy can be implemented as intended by the Remuneration Committee.

## SELECTION OF PERFORMANCE METRICS

The annual bonus is based on performance against a mix of financial measures. The mix of financial measures is aligned to the Group's Key Performance Indicators (KPIs) and is reviewed each year by the Remuneration Committee to ensure that they remain appropriate to reflect the priorities for the business in the year ahead. The targets are set for each KPI to encourage continuous improvement and challenge the delivery of stretch performance.

# Directors' report

## Remuneration report continued

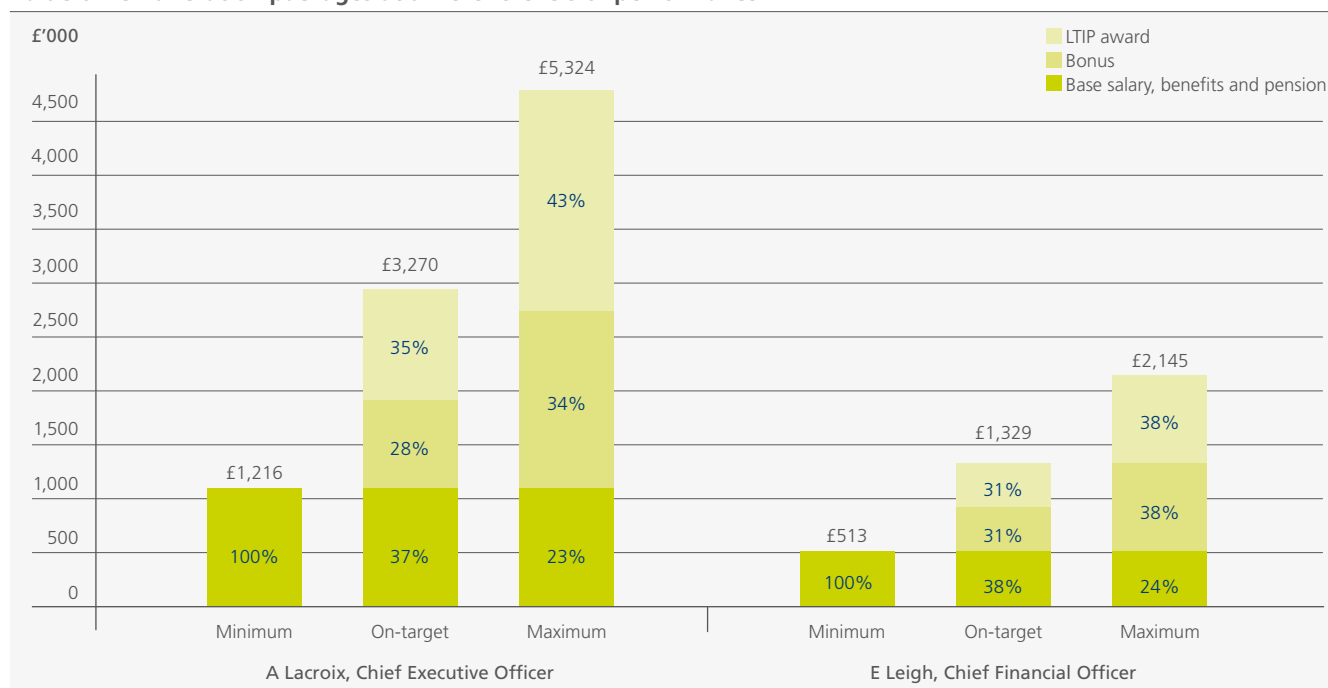
The LTIP is based on EPS growth and TSR performance. EPS is a measure of the Group's overall financial success and TSR provides an external assessment of the Company's performance against the market. It also aligns the rewards received by executives with the returns received by shareholders. A sliding scale of challenging performance targets is set for each measure. The Committee reviews the choice of performance measures and the appropriateness of the performance targets prior to each LTIP grant. The Committee reserves the discretion to set different targets for future awards, without consulting with shareholders. The targets for awards granted under this remuneration policy are set out in the Annual Report on Remuneration.

When setting the targets for the annual bonus and the LTIP, the Remuneration Committee takes into account a range of factors, including the business plan, prior year performance, market conditions and consensus forecasts.

### REMUNERATION SCENARIOS FOR EXECUTIVE DIRECTORS

The charts below illustrate how the Executive Directors' remuneration packages vary at different levels of performance under the ongoing policy, which will apply in 2016 for both the Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO'):

#### Value of remuneration packages at different levels of performance



Points relating to the above table:

1. Salary levels are based on those applying on 1 April 2016.
2. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ended 31 December 2015.
3. The value of pension receivable by the CEO and CFO in 2016 is taken to be 30% of salary and 20% of salary respectively.
4. The on-target level of bonus is taken to be 50% of the maximum bonus opportunity.
5. The on-target level of the LTIP is taken to be 50% of the face value of the award at grant.
6. Share price movement and dividend accrual have not been incorporated into the values shown above.

### APPROACH TO RECRUITMENT AND PROMOTIONS

The remuneration package for a new Executive Director – base salary, benefits, pension, annual bonus and long-term incentive awards – would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment. The Committee may set the base salary at a value to reflect the calibre, experience and earnings potential of a candidate, subject to the Committee's judgement that the level of remuneration is in the Company's best interest. The maximum level of variable pay (annual bonus and long-term incentive awards) which may be awarded to a new executive director at or shortly following recruitment shall be limited to 450% of salary. These limits exclude buy-out awards and are in line with the 'Remuneration Policy for Directors' set out previously.

The Committee may offer additional cash and/or share-based elements to take account of remuneration relinquished when leaving the former employer when it considers these to be in the best interests of the Company (and therefore shareholders) ('buy-outs'). Any such awards would reflect the nature, time horizons and performance requirements attaching to the remuneration it is intended to replace. Where appropriate the Committee retains the flexibility to utilise Listing Rule 9.4.2 for the purpose of making an award to 'buy out' remuneration relinquished when leaving the former employer.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses and continuing allowances as appropriate. Additionally, in the case of any Executive Director being recruited from overseas, or being recruited by the Company to relocate overseas to perform their duties, the Committee may offer expatriate benefits on an ongoing basis subject to their aggregate value to the individual not exceeding 50% of salary per annum.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

If a new Chairman or non-executive Director is appointed, remuneration arrangements will be in line with those detailed in the remuneration policy for non-executive directors set out in the Remuneration Policy for Directors above.

### SERVICE CONTRACTS FOR EXECUTIVE DIRECTORS

The service agreements of the Executive Directors are not fixed-term and are terminable by either the Company or the Director on 12 months' notice and make provision, at the Board's discretion, for early termination by way of payment of salary and pension contributions in lieu of 12 months' notice. In calculating the amount payable to a Director on termination of employment, the Board would take into account the commercial interests of the Company and apply usual common law and contractual principles. Any payments in lieu of notice may be paid in a lump sum or may be paid in instalments and reduce if the director finds alternative employment. The service contracts are available for inspection at the Company's registered office. The Committee reviews the contractual terms for new Executive Directors to ensure these reflect best practice. In summary, the contractual provisions are:

Provision	Detailed Terms
Notice period	12 months
Common law and contractual principles	Common law and contractual principles apply
Remuneration entitlements	A bonus may be payable (pro-rata where relevant) and outstanding share awards may vest (see below)
Change of control	No Executive Director's contract contains provisions or additional payments in respect of change of control. The treatment of bonus awards and outstanding share awards will be treated in line with the relevant plan rules.

The annual bonus may be payable with respect to the period of the financial year served. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules.

The default treatment under the 2011 LTIP is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest on the original vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the performance period actually served. However, the Committee has discretion to determine that awards vest at an earlier date and/or to disapply time pro-rating, although it is envisaged that this would only be applied in exceptional circumstances. Any such incidents, where

discretion is applied by the Committee in relation to executive Directors, will be disclosed in the following Annual Report on Remuneration.

The default treatment for deferred bonus awards is that any outstanding awards lapse on cessation of employment. However in certain 'good leaver' circumstances (as described under the 2011 LTIP above), awards will vest in full on the original vesting date, unless (as permitted under the plan rules) the Committee determines that awards should vest at an earlier date.

In determining whether an executive should be treated as a good leaver or not, the Committee will take into account the reasons for their departure.

### LETTERS OF APPOINTMENT FOR NON-EXECUTIVE DIRECTORS

The Letter of Appointment for each Non-Executive Director states that they are appointed for an initial period of three years and all appointments are terminable by one month's notice on either side. At the end of the initial period and after rigorous review the appointment may be renewed for a further period, usually three years, if the Company and the Director agree and subject to annual re-election at the AGM. Each letter of appointment states that if the Company were to terminate the appointment, the Director would not be entitled to any compensation for loss of office.

The table below sets out the terms for all current members of the Board.

	Date of Appointment	Notice Period/ unexpired term as at 31 December 2015
<b>Sir David Reid</b>	1 December 2011 Reappointed: 1 December 2014	One month/ 23 months
<b>Edward Astle*</b>	1 September 2009 Reappointed: 1 September 2012 Reappointed: 1 September 2015	One month/ 32 months
<b>Alan Brown</b>	15 April 2011 Reappointed: 15 April 2014	One month/ 15 months
<b>Dame Louise Makin</b>	1 July 2012 Reappointed: 1 July 2015	One month/ 30 months
<b>Gill Rider</b>	1 July 2015	One month/ 30 months
<b>Michael Wareing</b>	15 April 2011 Reappointed: 15 April 2014	One month/ 15 months
<b>Mark Williams</b>	1 September 2013	One month/ 8 months
<b>Lena Wilson</b>	1 July 2012 Reappointed: 1 July 2015	One month/ 30 months

\* Edward Astle will be stepping down from the Board at the AGM on 25 May 2016.



# Directors' report

## Remuneration report continued

### CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

When setting the remuneration policy for executive directors, the Remuneration Committee takes into account the pay and employment conditions elsewhere within the Group. When considering the remuneration arrangements for the executive directors for the year ahead, the Committee is informed of salary increases across the wider group. The Committee also approves the overall reward strategy in operation across the Group.

The remuneration strategy set out at the beginning of the Directors' Remuneration Policy Report reflects the strategy in place across all employees across the Group. Although this remuneration strategy applies across the Group, given the size of the group and the geographical spread of its operations, the way in which the remuneration policy is implemented varies across the Group. For example bonus deferral applies at the more senior levels within the Group and participation in the LTIP is at the Remuneration Committee's discretion and is typically limited to senior executives employed within the Group.

Given the geographical spread of the Group's operations, the Remuneration Committee does not consider it appropriate to consult employees on the remuneration policy in operation for Executive Directors.

### CONSIDERATION OF SHAREHOLDER VIEWS

The Remuneration Committee takes the views of the Group's shareholders very seriously, and as highlighted in both the Remuneration Committee Chair's statement and the Chairman's statement, following the vote on the Annual Remuneration Report at the 2015 AGM, has taken considerable time to engage with and listen to shareholders over the course of 2015 and early 2016 on their views and the remuneration policy going forward. The policy that is being put to shareholders for approval at the 2016 AGM reflects the policy discussed with shareholders during the consultation process.

### LEGACY ARRANGEMENTS

For avoidance of doubt, through this approved Directors' Remuneration Policy Report, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the vesting of past share awards) that were agreed:

- (i) before the policy set out above, or any previous policy, came into effect;
- (ii) at a time when a previous policy approved by shareholders was in place provided that the payment is in line with the terms of that policy; and
- (iii) at a time when the relevant individual was not a Director of the Company and the payment was not in consideration for the individual becoming a director of the Company.

## Annual Report on Remuneration

### COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

Membership and attendance at meetings of the Committee during the year was as follows:

Committee Members	Number of meetings held in 2015	
	Eligible to attend	Attendance
<b>Christopher Knight<sup>1</sup></b> (Committee Chair)	4	4
<b>Gill Rider<sup>2</sup></b> (Committee Chair)	3	3
<b>Alan Brown<sup>3</sup></b>	5	4
<b>Dame Louise Makin</b>	8	8
<b>Mark Williams<sup>4</sup></b>	4	4

1. Christopher Knight retired from the Committee on 15 May 2015.
2. Gill Rider was appointed to the Committee as Chair on 1 July 2015.
3. Alan Brown stepped down from the Committee on 1 July 2015, having missed one meeting called at very short notice due to outside commitments.
4. Mark Williams was appointed to the Committee on 15 May 2015 and acted as Chair for the period 15 May to 30 June 2015.

The Chairman, CEO, and the Executive Vice President, Human Resources may, by invitation, attend the Committee meetings, except when their own remuneration is discussed. No Director is involved in determining his or her own remuneration. None of the Committee members has had any personal financial interest, except as shareholders, in the matters decided. The Group Company Secretary acts as Secretary to the Committee.

### THE ROLE OF THE COMMITTEE

On behalf of the Board, the Committee:

- determines the Company's policy on the remuneration of the Chairman, the CEO, the Executive Directors and senior executives;
- determines the remuneration packages of the above, including any compensation on termination of office;
- reviews the remuneration arrangements for the wider employee population and considers issues relating to remuneration that may have a significant impact on the Group;
- provides advice to, and consults with, the CEO on major policy issues affecting the remuneration of other executives; and
- keeps remuneration policy under review in the light of regulatory and best practice developments and shareholder expectations. Due regard is given to the interests of shareholders and the requirements of the Listing Rules and associated guidance.

The Terms of Reference of the Committee are available on our website at [www.intertek.com](http://www.intertek.com).

### THE ACTIVITY OF THE COMMITTEE

The Committee met eight times and considered:

- the 2015 Reward Strategy;
- the salary for senior management and the determination of the bonus payments for 2015;
- the TSR and EPS performance results for the 2012 – 2015 share plan award cycles;
- the 2015 bonus targets and performance measures;
- share plan awards for 2015 – 2018 and TSR and EPS performance criteria;
- feedback from shareholders and corporate governance organisations in respect of the vote on the Remuneration report at the 2015 AGM, the Remuneration Policy and the

amendment of the LTIP performance conditions for the 2015 share award to ensure that the targets remain realistic and incentivising;

- the remuneration proposals for the new CEO, CFO and other new senior employees;
- the departure terms for senior executives;
- the remuneration advisers;
- motivation & retention;
- the review of the Directors' Remuneration report to ensure compliance with Remuneration Reporting Regulations; and
- the Remuneration Policy for Directors.

### ADVISERS

To ensure that the Group's remuneration practices drive and support achievement of strategies and are market competitive, the Committee obtains advice from various independent sources.

During 2015, the Committee received advice on remuneration matters from New Bridge Street ('NBS'), a trading name of Aon plc, which provided no other services to the Committee during the year under review.

Following the AGM, the Committee also received advice from Deloitte LLP. Deloitte provided no other services to the Committee during the year under review.

NBS and Deloitte are members of the Remuneration Consultants Group and adhere to the Voluntary Code of Conduct in relation to executive remuneration consulting in the UK.

NBS and Deloitte were both selected for their particular expertise both at a local and global level due to the worldwide operations of the Group.

The fees paid to NBS for providing advice in relation to executive remuneration over the financial year under review were £57,280. The fees paid to Deloitte in the year were £26,700.

### EXTERNAL APPOINTMENTS

The Company recognises that, during their employment with the Company, Executive Directors may be invited to become Non-Executive Directors of other companies and that such duties can broaden their experience and knowledge. Executive Directors may, with the written consent of the Company, accept such appointments outside the Company, and the policy is that any fees may be retained by the Director.

#### André Lacroix

André is the Senior Independent Non-Executive Director at Reckitt Benckiser Group plc for which his earnings from 16 May 2015 to 31 December 2015 were £76,118 which he retained. He is also Chairman of Good Restaurants AG for which he received no earnings for the period 16 May 2015 to 31 December 2015.

#### Wolfhart Hauser

Wolfhart Hauser is a Non-Executive Director of RELX Group (previously Reed Elsevier PLC and Reed Elsevier NV), and his earnings for this appointment from 1 January to 15 May 2015, which he retained, were £33,750 with taxable benefits of £780. He was appointed a Non-Executive Director of Associated British Foods plc with effect from 14 January 2015 and his earnings for the period from appointment to the 15 May 2015 were £24,556 which he retained.

### STATEMENT OF SHAREHOLDER VOTING

At the 2015 AGM, a resolution was proposed to shareholders to approve the Remuneration report for the year ended 31 December 2014. This resolution received the following votes from shareholders:

Remuneration report		
In favour	57,723,515	48.32%
Against	61,739,614	51.68%
Total	119,463,129	74.03%
Withheld	1,092,723	

On 15 May 2015 we announced the AGM voting figures and advised that, noting the outcome of the vote on the Remuneration report, the Committee had engaged with major shareholders and had taken into account their feedback. As a result, the Board, in consultation with André Lacroix, determined that his 2015 Bonus would be subject to the usual performance criteria. Further details on actions taken by the Committee are provided in the Remuneration Committee Chair's statement.

### RETIREMENT AND APPOINTMENT OF CEO

**Retirement of CEO:** Wolfhart Hauser retired from the position of CEO on 15 May 2015; he continued as an employee until 31 December 2015, with no change to his terms and conditions.

**Appointment of new CEO:** André Lacroix joined the Company as CEO on 16 May 2015. His remuneration arrangements on appointment were within the defined structure and limits of the Directors' Remuneration Policy approved by shareholders at the 2014 AGM. He received an annual salary of £895,000, a pension allowance of 30% of salary, and standard benefits commensurate with his position. He is eligible to be considered for a discretionary bonus of up to 200% of salary with half of any bonus paid being deferred into shares which will vest three years later. Following engagement with shareholders, it was agreed his bonus in 2015 was subject to the normal structure and limits, with the payment adjusted pro-rata for the proportion of the year from his date of appointment. He was also eligible to participate in the Intertek LTIP and an award in shares equal to 250% of his salary was made in September 2015.

To compensate André Lacroix for the loss of payments that would have been made to him by Inchcape plc under its annual and long-term incentive plans if he had not resigned, share awards have been made to him of 91,575 shares to vest in May 2016 and 91,574 shares to vest in May 2017 both with no performance conditions other than continued service. In determining the level of compensatory awards, the Company has taken account of the value of the awards forfeited as well as the performance hurdles attached to them.

# Directors' report

## Remuneration report continued

### DIRECTORS' REMUNERATION EARNED IN 2015

The table below summarises Directors' remuneration received in 2015 and the prior year for comparison.

		Base salary or fees £'000	Benefits <sup>1</sup> £'000	BIK arising from performance of duties <sup>8</sup> £'000	Pension £'000	Annual bonus <sup>4</sup> £'000	Long-term incentives £'000	Other £'000	Total £'000
<b>Executive Directors</b>									
André Lacroix <sup>9</sup>	2015	557	20	–	167	1,080	–	–	1,824
Wolfhart Hauser	2015	274	23	–	84 <sup>2</sup>	495	–	–	876
	2014	725	72	–	181 <sup>2</sup>	644	389 <sup>6</sup>	–	2,011
Edward Leigh <sup>3</sup>	2015	390	24	–	78 <sup>7</sup>	772	– <sup>5</sup>	–	1,264
	2014	90	5	–	18 <sup>7</sup>	69	– <sup>6</sup>	–	182
<b>Non-Executive Directors</b>									
Edward Astle	2015	71	–	1	–	–	–	–	72
	2014	71	–	1	–	–	–	–	72
Alan Brown	2015	67	–	–	–	–	–	–	67
	2014	66	–	–	–	–	–	–	66
Christopher Knight	2015	38	–	–	–	–	–	–	38
	2014	86	–	–	–	–	–	–	86
Dame Louise Makin	2015	66	–	1	–	–	–	–	67
	2014	66	–	–	–	–	–	–	66
Gill Rider	2015	32	–	–	–	–	–	–	32
Sir David Reid	2015	320	25	3	–	–	–	–	348
	2014	320	25	6	–	–	–	–	351
Michael Wareing	2015	93	–	7	–	–	–	–	100
	2014	93	–	7	–	–	–	–	100
Mark Williams	2015	65	–	4	–	–	–	–	69
	2014	58	–	8	–	–	–	–	66
Lena Wilson	2015	68	–	6	–	–	–	–	74
	2014	68	–	6	–	–	–	–	74

1. Benefits include allowances in lieu of company car, annual medicals, life assurance and private medical insurance, and the use of a car and driver for the CEO. With respect to the Non-Executive Directors, other than Sir David Reid, who receives a car allowance of £25,000 per annum, no other benefits are provided.

2. Pension contributions for Wolfhart Hauser were made into his personal scheme.

3. Information for Edward Leigh for 2014 is for remuneration from 1 October 2014 on his appointment as CFO.

4. This relates to the payment of the annual bonus and Deferred Bonus Share Award for the financial year end. Further details of this payment are set out on the following pages.

5. This relates to the vesting of the 2013 LTIP award. The performance period for this award ended on 31 December 2015.

6. This figure has been updated to show the actual value of the vested 2012 LTIP award based on the share price of £25.7967 as the 2014 Report included figures based on £24.75.

7. The pension contributions for Edward Leigh include the sum of £39,600 (2014: £9,900) which was paid into the Intertek Group Personal Pension Plan, which is a defined contribution scheme.

8. Following a review by HMRC, certain expenses relating to the performance of a director's duties (not included in the Benefits in Kind column above) in carrying out the activities such as travel to and from Company meetings and related accommodation have now been classified as taxable. In such cases, the Company will ensure that the director is not out of pocket by settling the related tax via the PSA. In line with current regulations, these taxable benefits have been disclosed and are shown in the benefits arising from performance of duties column. The figures shown are the cost of the taxable benefit.

9. Information for André Lacroix for 2015 is for remuneration from 16 May 2015, on his appointment as CEO.

### ANNUAL BONUS

The annual bonus for the 2015 financial year was based on performance against adjusted diluted EPS growth, adjusted operating profit growth, cash conversion, return on invested capital and general contribution. Performance against the financial targets is set out below:

Financial measures	% Weighting	2013 Actual	2014 Actual	2015 Target <sup>2</sup>	2015 Actual	% Achieved <sup>3</sup>	% Weighted achievement
Adjusted diluted EPS growth <sup>1</sup>	50%	128.8p	132.1p	134.8p	139.2p	100%	50%
Adjusted operating profit growth <sup>1</sup>	25%	£320.6m	£324.4m	£333.6m	£340.1m	82.9%	20.7%
Operating cash flow % of adjusted operating profit	15%	72.8%	91.0%	93.0%	103.7%	100%	15%
Return on invested capital	10%	18.4%	16.3%	16.0%	16.9%	100%	10%
<b>Total</b>	<b>100%</b>						<b>95.7%</b>

1. Calculated using constant 2014 exchange rates. Adjusted results exclude the impact of Separately Disclosed Items, which includes the impairment of Industry Services (see note 3 to the financial statements).

2. Target is equivalent to 50% pay-out.

3. Percentage achieved against stretch target.



General Contribution is a qualitative award taking into account the overall personal contribution of the Executive Director to developing the strategy for the Group, ensuring sustainability, team building and leadership.

The Remuneration Committee discussed and assessed the general contribution of André Lacroix and Edward Leigh to be 100% for the year, and 70% for Wolfhart Hauser.

The combined bonus outturn for both the financial and General Contribution elements is as follows:

	Financial targets		General contribution		Total	
	Maximum % of salary	Actual % of salary	Maximum % of salary	Actual % of salary	Maximum % of salary	Actual % of salary
André Lacroix	160.0%	153.2%	40.0%	40.0%	200.0%	193.2%
Wolfhart Hauser	160.0%	153.2%	40.0%	28.0%	200.0%	181.2%
Edward Leigh	160.0%	153.2%	40.0%	40.0%	200.0%	193.2%

The annual bonus outturn in cash and shares is as follows:

	Payable in cash £'000	Deferred Share Award £'000	LTIP Share Award £'000
André Lacroix	540.1	540.1	2,237.5 <sup>2</sup>
Wolfhart Hauser <sup>1</sup>	247.5	247.5	—
Edward Leigh	386.2	386.2	800 <sup>2</sup>

1. As a result of his retirement as a Director on 16 May 2015 and ceasing employment with Intertek on 31 December 2015, it was determined that no LTIP would be awarded for 2015.

2. See page 76: LTIP awards to be granted later in 2016.

The Committee has the discretion to adjust the final bonus outcome downwards if it considers short-term performance has been achieved at the expense of long-term future success. The Committee may also adjust the final bonus outcome upwards to recognise exceptional circumstances that were beyond the direct responsibility of the Executive Director and the Executive has managed and mitigated the impact of any loss. The Committee did not exercise any discretion in respect of the above bonus outturn.

Both the cash and share elements of the bonus are subject to malus and clawback. Overpayments may be reclaimed in the event of performance achievements being found to be significantly misstated.

### VESTING OF LTIP SHARE AWARDS

The LTIP Share awards granted in 2013 are based on performance for the three-year period ended 31 December 2015.

The performance conditions attached to this award and actual performance against these conditions is as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual performance	Vesting level
Earnings Per Share	Annualised fully diluted, adjusted EPS growth, calculated on the basis of foreign exchange rates adopted at the start of the performance cycle	6%	16%	4.1%	0%
Total Shareholder Return	Relative TSR performance against the FTSE 31 to 130 (excluding banks and investment trusts)	Median	Upper quartile	Below median <sup>1</sup>	0%
<b>Total vesting</b>					<b>0%</b>

1. TSR performance calculation was calculated by Deloitte; Intertek was ranked 68th of the 92 members of the comparator group of companies.

The LTIP Share awards granted in 2013 to the Executive Directors were as follows:

Executive Director	Number of shares at grant	Number of shares based on accrued dividends	Total number of shares	Number of shares to lapse	Number of shares to vest <sup>1</sup>	Value £
Wolfhart Hauser <sup>2</sup>	41,378	2,079	43,457	(43,457)	—	—
Edward Leigh <sup>3</sup>	1,755	88	1,843	(1,843)	—	—
<b>Total vesting</b>						

1. The 2013 award includes accrual of dividends paid and payable during the vesting period.

2. Awards granted on 5 March 2013 to be pro-rated to reflect 33 months employment out of 36 month term.

3. Awards granted on 20 May 2013 which reflect awards made prior to Edward Leigh's appointment as CFO on 1 October 2014.

# Directors' report

## Remuneration report continued

### LTIP SHARE AWARDS GRANTED DURING THE YEAR

The following LTIP Share awards were granted to the Executive Directors on 22 September 2015:

	Type of award	Basis of award granted	Share price at date of grant £	Number of shares over which award was granted	Face value of award £'000	% of face value that would vest at threshold performance	Vesting determined by performance over
André Lacroix	LTIP Share Award	250% of salary	24.74	90,440	2,237	25%	Three years to 31 December 2017
Edward Leigh	LTIP Share Award	200% of salary	24.74	32,336	800	25%	

The LTIP Share awards granted in 2015 are based on performance for the three-year period ended 31 December 2017. During 2015, the Remuneration Committee consulted with the Group's largest shareholders on the EPS performance targets for the 2015 LTIP awards.

Following a review of the challenging trading environment within which the Company is operating in, particularly within the oil and gas capex and minerals business, and having reviewed external expectations over the performance period, the Remuneration Committee considered it appropriate to re-position the EPS targets that apply for the 2015 awards (which will apply to 50% of the award). In line with this consultation, the performance conditions attached to this award and actual performance against these conditions is as follows:

Metric	Performance condition	Threshold target	Stretch target
Earnings Per Share	Annualised fully diluted, adjusted EPS growth, calculated on the basis of foreign exchange rates adopted at the start of the performance cycle	4%	10%
Total Shareholder Return	Relative TSR performance against the FTSE 31 to 130 (excluding banks and investment trusts)	Median	Upper quartile

### MIRROR SHARE AWARDS

On 20 May 2015 André Lacroix was granted conditional rights to acquire 183,149 shares under a one-off arrangement as a condition of his recruitment as CEO of the Company. The principal terms of the award are summarised below. The award comprised two parts, tranche A and B, with tranche A vesting on 20 May 2016 and tranche B vesting on 20 May 2017.

Type of award	Granted in 2015 Number of shares	Award price £	Dividend accrued in 2015	Vested in 2015 Number of shares	Lapsed in 2015 Number of shares	31 December 2015 Number of shares	Date of vesting
Mirror Award Tranche A	91,575	28.006	1,810	–	–	93,385	May 2016
Mirror Award Tranche B	91,574	28.006	1,810	–	–	93,384	May 2017
<b>Total</b>	<b>183,149</b>	<b>–</b>	<b>3,620</b>	<b>–</b>	<b>–</b>	<b>186,769</b>	

Shares were awarded at a share price of £28.006, being the average closing mid-market price of an ordinary share of 1p on the trading days during the first 10 calendar days of September 2014 (being the date used for the calculation of the mirror awards in the negotiations with the Director). Each tranche will ordinarily vest on its normal vesting date subject to André Lacroix's continued employment with Intertek. The awards may only be satisfied with market purchased shares or cash. No newly issued shares or treasury shares will be used in connection with the awards. The Mirror Share awards attract dividend equivalent shares.

## SHARE PLAN AWARDS

The table below shows the Directors' interests in the Intertek share plans:

	Type of Award	31 December 2014 Number of shares	Granted in 2015 Number of shares	Award price <sup>1</sup> £	Dividend accrued in 2015 <sup>9</sup>	Vested in 2015 Number of shares <sup>2</sup>	Lapsed in 2015 Number of shares	31 December 2015 Number of shares	Date of vesting
<b>André Lacroix</b>									
2015 <sup>7</sup>	LTIP Share	–	90,440	24.74	–	–	–	<b>90,440</b>	Sep 2018
	Dividend	–	–	–	612	–	–	<b>612</b>	
<b>Total</b>		<b>–</b>	<b>90,440</b>	<b>–</b>	<b>612</b>	<b>–</b>	<b>–</b>	<b>91,052</b>	
<b>Edward Leigh</b>									
2013 <sup>4</sup>	Share	1,755	–	34.17	–	–	–	<b>1,755</b>	May 2016
	Dividend	53	–	–	35	–	–	<b>88</b>	
	Performance	1,755	–	34.17	–	–	–	<b>1,755</b>	May 2016
	Dividend	53	–	–	35	–	–	<b>88</b>	
2014 <sup>5</sup>	Deferred Share	1,331	–	30.41	–	–	–	<b>1,331</b>	Mar 2017
	Dividend	22	–	–	26	–	–	<b>48</b>	
	LTIP Share	6,576	–	30.41	–	–	–	<b>6,576</b>	Mar 2017
	Dividend	111	–	–	130	–	–	<b>241</b>	
2015	Deferred Share <sup>6</sup>	–	5,405	25.572	–	–	–	<b>5,405</b>	Mar 2018
	Dividend	–	–	–	106	–	–	<b>106</b>	
	LTIP Share <sup>7</sup>	–	32,336	24.74	–	–	–	<b>32,336</b>	Sep 2018
	Dividend	–	–	–	218	–	–	<b>218</b>	
<b>Total</b>		<b>11,656</b>	<b>37,741</b>	<b>–</b>	<b>550</b>	<b>–</b>	<b>–</b>	<b>49,947</b>	
<b>Wolfhart Hauser</b>									
2012	Share	28,696	–	23.24	–	(28,696)	–	–	Mar 2015
	Dividend	1,258	–	–	–	(1,258)	–	–	
	Performance	57,392	–	23.24	–	(14,462)	(42,930)	–	Mar 2015
	Dividend	2,517	–	–	–	(634)	(1,883)	–	
2013	Share <sup>8</sup>	20,689	–	33.528	–	–	–	<b>20,689</b>	Jan 2016
	Dividend	630	–	–	409	–	–	<b>1,039</b>	
	Performance <sup>3</sup>	41,378	–	33.528	–	–	–	<b>41,378</b>	Mar 2016
	Dividend	1,261	–	–	818	–	–	<b>2,079</b>	
2014	Deferred Share <sup>8</sup>	10,507	–	30.41	–	–	–	<b>10,507</b>	Jan 2016
	Dividend <sup>8</sup>	177	–	–	208	–	–	<b>385</b>	
	LTIP Share <sup>5</sup>	46,991	–	30.41	–	–	–	<b>46,991</b>	Mar 2017
	Dividend	794	–	–	929	–	–	<b>1,723</b>	
2015	Deferred Share <sup>8</sup>	–	12,585	25.572	–	–	–	<b>12,585</b>	Jan 2016
	Dividend <sup>8</sup>	–	–	–	248	–	–	<b>248</b>	
<b>Total</b>		<b>212,290</b>	<b>12,585</b>	<b>–</b>	<b>2,612</b>	<b>(45,050)</b>	<b>(44,813)</b>	<b>137,624</b>	

- Awards made are based on a share price obtained by averaging the closing share prices for the five dealing days before the date of grant.
- Awards vested on 6 March 2015, on which date the closing market price of shares was £25.7967 having been granted on 6 March 2013 on which date the closing market price was £22.62.
- Awards will vest on 5 March 2016, subject to performance and continued employment, having been granted on 5 March 2013 on which date the closing market price was £34.40. 50% of awards are subject to EPS and 50% are subject to relative TSR. The EPS threshold level was set at 6% per annum and the upper target at 16% per annum. Under the TSR condition, the Company's TSR ranking is measured relative to the FTSE index members 31 to 130 (excluding banks and investment trusts).
- Awards will vest on 20 May 2016, subject to performance and continued employment, having been granted on 20 May 2013 on which date the closing market price was £33.27. 50% of awards are subject to EPS and 50% are subject to relative TSR. The EPS threshold level was set at 6% per annum and the upper target at 16% per annum. Under the TSR condition, the Company's TSR ranking is measured relative to the FTSE index members 31 to 130 (excluding banks and investment trusts).
- Awards will vest on 10 March 2017, subject to performance and continued employment, having been granted on 10 March 2014 on which date the closing market price was £30.46. 50% of awards are subject to EPS and 50% are subject to relative TSR. The EPS threshold level was set at 6% per annum and the upper target at 14% per annum. Under the TSR condition, the Company's TSR ranking is measured relative to the FTSE index members 31 to 130 (excluding banks and investment trusts).
- Awards will vest on 9 March 2018, subject to continued employment, having been granted on 9 March 2015 on which date the closing market price was £25.70.
- Awards will vest on 22 September 2018, subject to performance and continued employment, having been granted on 22 September 2015 on which date the closing market price was £23.94. 50% of awards are subject to EPS and 50% are subject to relative TSR. The EPS threshold level was set at 4% per annum and the upper target at 10% per annum. Under the TSR condition, the Company's TSR ranking is measured relative to the FTSE index members 31 to 130 (excluding banks and investment trusts).
- Awards vested in January 2016, and will be held until the original vesting dates.
- The dividend shares are accrued on the date the dividend is paid and determined using the closing market price of the shares on that date. The dividend accruals relate to share awards made in lieu of not receiving cash dividends during the vesting period.

# Directors' report

## Remuneration report continued

### MALUS AND CLAWBACK

Malus and clawback will operate in circumstances where there is reasonable evidence of misbehaviour or material error, conduct considered gross misconduct, breach of any restrictive covenants by participants, conduct which resulted in (a) significant loss(es) to the Company, failure to meet appropriate standards of fitness and propriety; a material failure of management in the Company; a discovery of a material misstatement in the audited consolidated accounts or the behaviour of a Director has a significant detrimental impact on the reputation of the Group.

### DIRECTORS' INTERESTS IN ORDINARY SHARES

The interests of the Directors in the shares of the Company as at the year end, or date of retirement, are set out below. Save as stated in this report, during the course of the year, no Director nor any member of his or her immediate family had any other interest in the ordinary share capital of the Company or any of its subsidiaries.

	Beneficially owned at 31 December 2014 or on appointment	Beneficially owned at 31 December 2015 or on retirement <sup>7</sup>	Outstanding LTIP Share Awards	Outstanding Deferred Shares/ Mirror Awards	Outstanding Share Award dividends	Shareholding as a % of salary <sup>3</sup>	Shareholding guideline met?
André Lacroix <sup>1</sup>	–	100,000	90,440	183,149	4,232	310 <sup>3</sup>	Yes
Edward Leigh	1,000	1,000	40,667	8,491	789	7 <sup>3</sup>	No <sup>2</sup>
Edward Astle	1,220	1,443	–	–	–	n/a	n/a
Alan Brown	1,391 <sup>8</sup>	1,623	–	–	–	n/a	n/a
Dame Louise Makin	342	546	–	–	–	n/a	n/a
Sir David Reid	2,192	2,828	–	–	–	n/a	n/a
Gill Rider <sup>4</sup>	–	–	–	–	–	n/a	n/a
Michael Wareing	3,578	3,801	–	–	–	n/a	n/a
Mark Williams	2,172	2,384	–	–	–	n/a	n/a
Lena Wilson	326	530	–	–	–	n/a	n/a
Wolfhart Hauser <sup>5</sup>	139,777	150,554	88,369	43,781	2,862	557 <sup>6</sup>	Yes
Christopher Knight <sup>5</sup>	7,601	7,813	–	–	–	n/a	n/a

1. Appointed 16 May 2015.

2. Appointed on 1 October 2014 with the guideline to hold 150% of base salary in shares by 1 October 2019. This guideline is to be increased to 200% once the remuneration policy is approved by shareholders in 2016 and must be met five years after that point.

3. Based on a share price of £27.77 as at 31 December 2015.

4. Appointed 1 July 2015.

5. As at date of retirement, 15 May 2015.

6. As at date of retirement, based on a share price as at 15 May 2015 of £26.95.

7. No changes in the above Directors' interests have taken place between 31 December 2015 and the date of this report.

8. The number of shares beneficially owned at 31 December 2014 have been restated to include an additional 21 ordinary shares acquired as part of a dividend reinvestment scheme.

### PAYMENTS TO PAST DIRECTORS

#### Wolfhart Hauser

After retiring as CEO and Executive Director on 15 May 2015, Wolfhart Hauser remained an employee and was available to provide support to André Lacroix as required until 31 December 2015. Wolfhart Hauser received his full salary and benefits for the period 15 May 2015 until 31 December 2015. No payment was made in lieu of notice.

He was eligible for an annual bonus in 2015 for the period from 1 January 2015 to 15 May 2015 which was calculated according to the usual full year criteria and pro-rated. It will be paid in 2016 and is disclosed in the single figure of remuneration. No bonus was paid for the period from 16 May 2015 to 31 December 2015.

Wolfhart Hauser did not receive an LTIP Share Award for 2015. The 2011 LTIP awards made in 2013 and 2014 will vest as follows: his Deferred Share Awards were released in full (after 31 December 2015) and will be held until the original vesting dates, his LTIP Share Awards will vest according to the original dates and criteria and be pro-rated for time served. The Performance Shares awarded in 2012 vested on 6 March 2015. As noted earlier in the report, following a review of the performance criteria, the 2013 LTIP award will lapse in full.

#### Christopher Knight

No remuneration payments were made following his retirement and no payments have been made for loss of office.

### PAYMENTS FOR LOSS OF OFFICE

No payments were made in respect of loss of office during the year ended 31 December 2015.

## PERCENTAGE CHANGE IN REMUNERATION LEVELS

The table below shows the average movement in salary and annual bonus for UK employees between the 2014 and 2015 financial years. In 2015 Wolfhart Hauser's salary was unchanged from his 2014 award of £729,000 as part of the Group's salary review. On taking up his appointment as CEO on 16 May 2015, André Lacroix's salary was £895,000 for 2015.

	Salary	Bonus	Benefits
CEO (W Hauser <sup>1</sup> )	0%	(23.1)%	(68.1)%
CEO (A Lacroix <sup>2</sup> )	–	–	–
Average pay based on Intertek's UK employees	2.8%	16%	1.2%

1. The percentage change for bonus and benefits for Wolfhart Hauser are based on actual amounts earned as set out on page 70.  
2. There were no salary, bonus and benefits in the comparative period for André Lacroix.

## RELATIVE IMPORTANCE OF THE SPEND ON PAY

The table below shows the movement in spend on staff costs between the 2014 and 2015 financial years, compared to dividends.

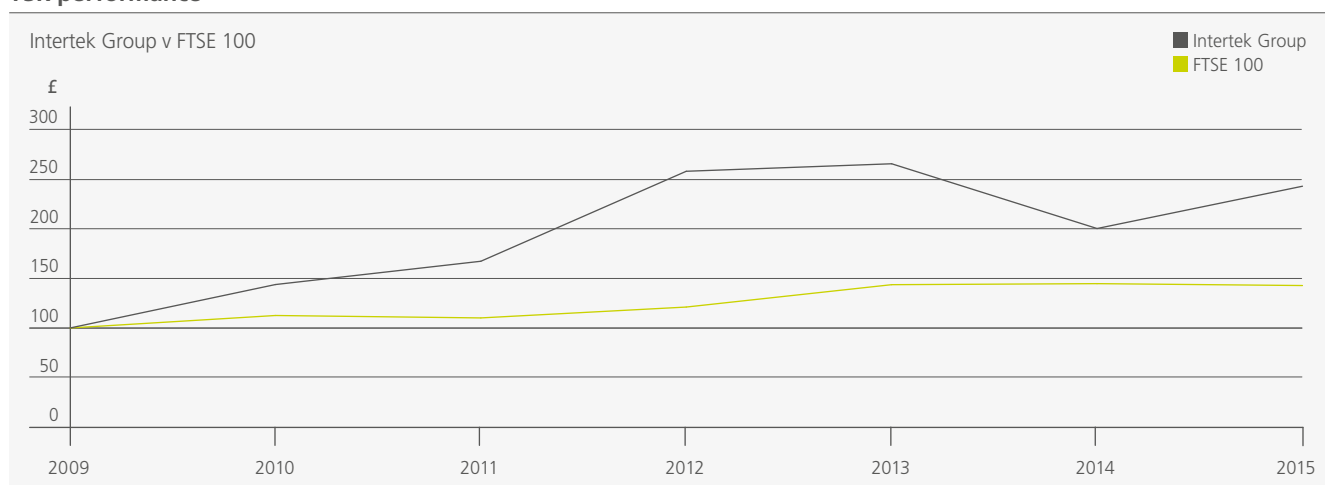
	2015 £m	2014 £m	% change
Staff costs*	<b>956.2</b>	921.5	3.8%
Dividends	<b>80.7</b>	75.5	6.9%

\* Staff costs are shown at actual rates, which include a 0.2% foreign exchange impact.

## PERFORMANCE GRAPH

The graph below shows the TSR in respect of the Company over the last seven financial years, compared with the TSR for the FTSE 100 Index. TSR, reflecting the change in the value of a share and dividends paid, can be represented by the value of a notional £100 invested at the beginning of a period and its change over that period.

### TSR performance



## CEO TOTAL REMUNERATION

The total remuneration figures for the CEO during each of the past six financial years are shown in the table below. Consistent with the calculation methodology for the single figure for total remuneration, the total remuneration figure includes the total annual bonus and Deferred Share Award based on that year's performance and LTIP Share awards based on the three-year performance period ending in the relevant year. The annual bonus pay-out and LTIP award vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	Year ended 31 December						2015 W Hauser	2015 A Lacroix
	2009	2010	2011	2012	2013	2014		
Total remuneration £'000	2,451	3,164	4,554	5,298	3,195	2,011 <sup>1</sup>	<b>876</b>	<b>1,824</b>
Annual bonus (%)	100	96.6	92.3	83.1	34.6	38.4	<b>90.6</b>	<b>96.6</b>
LTIP award vesting (%)	100	100	100	100	81.8	25.2	–	–

1. The total remuneration figure for 2014 has been updated to include the actual value of the vested 2011 LTIP share award.



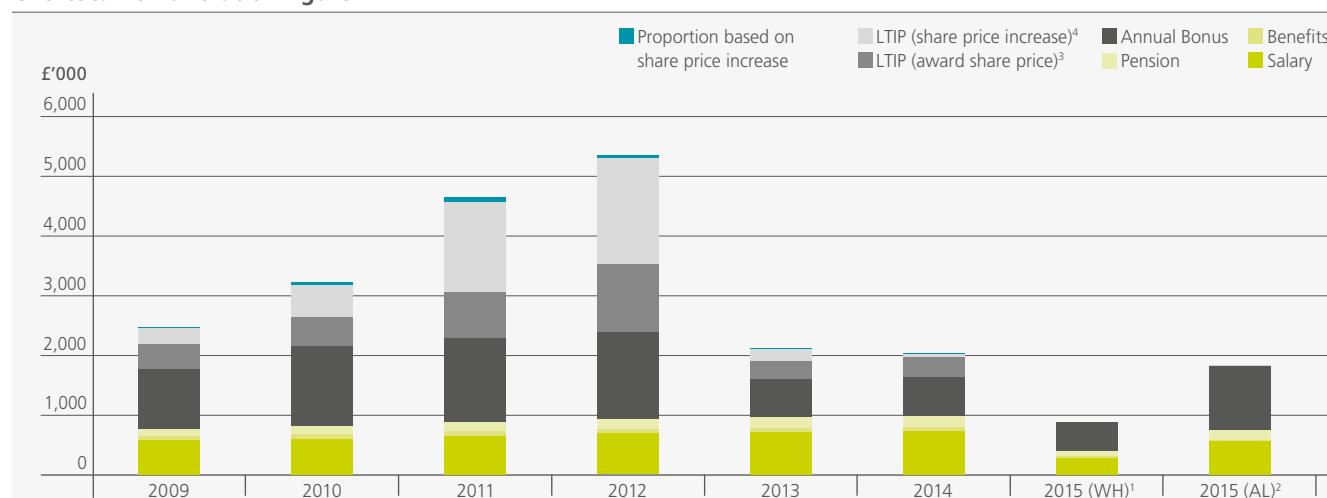
# Directors' report

## Remuneration report continued

### CEO TOTAL REMUNERATION

The graph below shows the total remuneration of the Intertek CEO over the seven year period from 2009 to 2015.

#### CEO total remuneration figure



1. Shows W Hauser remuneration based on period to 15 May 2015.

2. Shows A Lacroix remuneration for the period from appointment as CEO on 16 May 2015.

3. LTIP (award share price) shows the proportion of the LTIP value received which resulted from the share price on award date.

4. LTIP (share price increase) shows the proportion of the LTIP value received which resulted from increase in the share price over the vesting period.

### THE IMPACT OF SHARE PRICE ON THE VALUE OF THE CEO'S LTIP AWARD

The table below shows the change in share price from the date of award to the vesting of LTIP share awards for the 2010 to 2015 financial years for Wolfhart Hauser.

	LTIP award share price £	LTIP vesting share price £	Share price change over the performance period
2010	9.15	19.06	108.3%
2011	8.34	24.34	191.8%
2012	13.33	34.37	157.8%
2013	18.99	30.59	61.1%
2014	23.24	25.80	11.0%
2015	<b>33.53</b>	<b>26.57<sup>1</sup></b>	<b>(20.8)%</b>

1. The value shown for the 2015 vesting share price is the average price during the three months to 31 December 2015; this will be updated to actual vesting share price in the 2016 Report.

### REMUNERATION DECISIONS TAKEN IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2016

#### Base salary

Following a review of each individual's performance in the year, the Remuneration Committee approved salary increase of 2% for the Executive Directors. This is in line with the increase provided to UK employees in the Group.

The Executive Directors' salaries are:

	Base salary from 1 April 2015 £'000	Base salary from 1 April 2016 £'000	% increase
André Lacroix <sup>1</sup>	<b>895</b>	913	2.0%
Edward Leigh	<b>400</b>	408	2.0%

1. The 2015 base salary for André Lacroix is shown as the annual salary awarded on taking up the role of CEO.

#### Annual Bonus and LTIP awards to be granted in 2016

For 2016, the annual bonus opportunity expressed as a percentage of base salary will be 200% for the CEO and CFO.

The Committee has determined that the Annual Bonus will be based on financial performance as follows:

- 80% will be determined by a matrix (illustration provided below) based on revenue growth and operating profit growth; and
- 20% will be based on return on invested capital performance.

Annual Bonus will continue to be subject to a quality of earnings review at the end of the year to ensure that pay-outs are appropriate based on the underlying performance of the Group and to ensure that any awards are commensurate with the Group's culture and values.

### Overview of the matrix (80% of the award)

		Operating profit performance (£m)			
Revenue performance (£m)		Below threshold	Threshold	Target	Maximum
	Maximum	0%	40%	65%	100%
	Target	0%	30%	50%	75%
	Threshold	0%	25%	35%	60%
	Below threshold	0%	0%	0%	0%

Straight line pay-outs occur between each of the points noted above.

The Committee has chosen not to disclose, in advance, the performance targets for the forthcoming year as these include items which the Committee considers commercially sensitive. In accordance with good governance, the Committee is however committed to providing insightful and transparent disclosure to our shareholders. In this regard, and in line with the Investment Association's position regarding bonus target disclosure, the Committee will disclose the performance targets for the annual incentive as soon as they are no longer considered to be commercially sensitive.

For 2016, the LTIP opportunity for the CEO and CFO will be 250% and 200% of salary respectively. The Committee reviewed the performance targets for awards to be made in 2016, and in line with the targets set for the 2015 LTIP award, the Committee considered it appropriate to appropriate to set the following targets for the 2016 LTIP awards:

Metric	Performance condition	Threshold target	Stretch target
Earnings Per Share	Annualised fully diluted, adjusted EPS growth, calculated on the basis of foreign exchange rates adopted at the start of the performance cycle	4%	10%
Total Shareholder Return	Relative TSR performance against the FTSE 31 to 130 (excluding banks and investment trusts)	Median	Upper quartile

### NON-EXECUTIVE DIRECTORS' FEES

As detailed in the remuneration policy, fees for the Non-Executive Directors are determined by the Board, based on the responsibility and time committed to the Group's affairs and appropriate market comparisons. Individual Non-Executive Directors do not take part in discussions regarding their own fees. A summary of current fees is as follows:

	2015 £'000	2016 £'000
<b>Board membership</b>		
Chairman	320	320
Non-Executive Director	58	58
Senior Independent Non-Executive Director	12	12
<b>Committee membership</b>		
Chair Audit & Risk Committee	20	20
Chair Remuneration Committee	15	15
Chair Nomination Committee	–	–
Member Audit & Risk Committee	10	10
Member Remuneration Committee	7.5	7.5
Member Nomination Committee	2.5	2.5

Pursuant to the policy of aligning Directors' interests with those of shareholders, £10,000 of the fees paid to the Non-Executive Directors and £30,000 of the fees paid to the Chairman are used each year to purchase shares in the Company.

### Approval of the Directors' Remuneration report

The Directors' Remuneration report, including both the Directors' Remuneration Policy Report and Annual Report on Remuneration, was approved by the Board on 1 March 2016.



**GILL RIDER**  
Chair of the Remuneration Committee