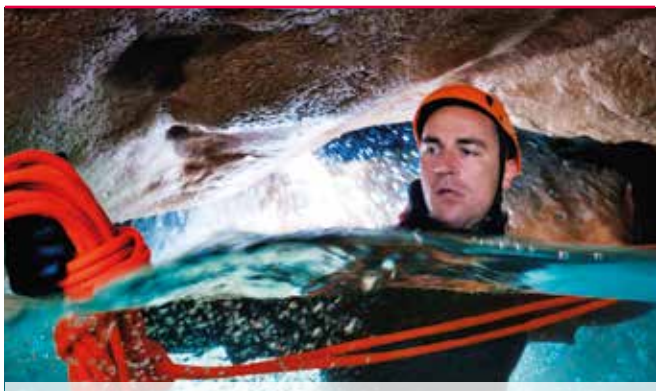
Our Mission

Our mission is to exceed our customers' expectations with innovative and bespoke Assurance, Testing, Inspection and Certification services for their operations and supply chain.



Assurance

Assurance ensures our customers identify and mitigate the intrinsic risk in their operations, supply chain and quality management systems.

Testing

Testing is evaluating how products and services meet and exceed quality, safety, sustainability and performance standards.

Inspection

Inspection is validating the specifications, value and safety of raw materials, products and assets.

Certification

Certification is certifying that products and services meet trusted standards.

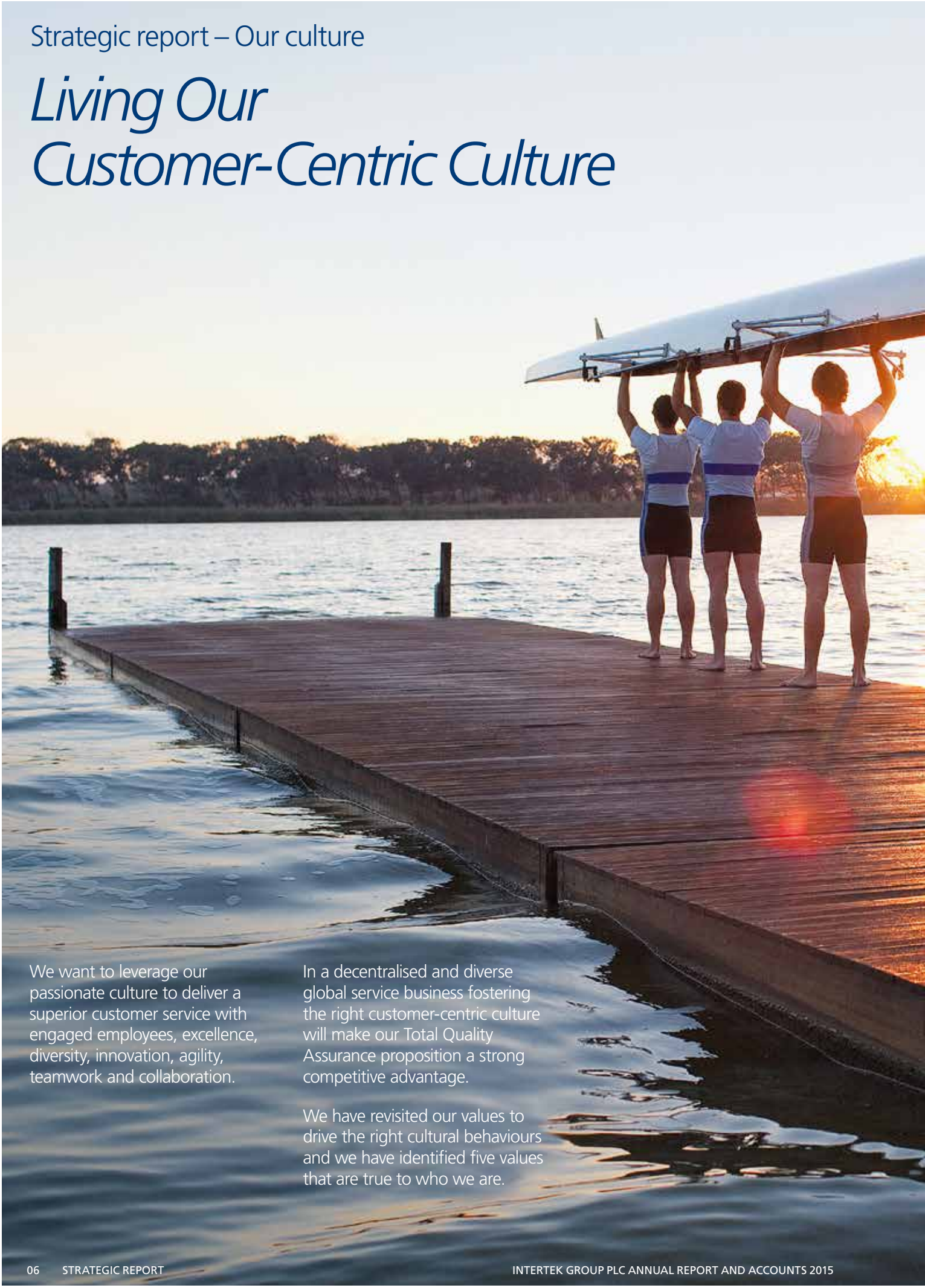
OUR PURPOSE:

Bringing Quality and Safety to Life.

OUR VISION:

To Become the World's Most Trusted Partner for Quality Assurance.

Living Our Customer-Centric Culture



We want to leverage our passionate culture to deliver a superior customer service with engaged employees, excellence, diversity, innovation, agility, teamwork and collaboration.

In a decentralised and diverse global service business fostering the right customer-centric culture will make our Total Quality Assurance proposition a strong competitive advantage.

We have revisited our values to drive the right cultural behaviours and we have identified five values that are true to who we are.

We always do the right thing. With precision, pace and passion.

We are a global family that values diversity.

We own and shape our future.

We trust each other and have fun winning together.

We create sustainable growth. For All.

Attractive Global Growth Opportunities within the Quality Assurance Market

Growth Opportunities

We see four key attractive growth opportunities in the Quality Assurance Market:

- First, the structural growth drivers in both Assurance, and Testing, Inspection and Certification ('TIC') taking advantage of our customers' needs for Total Quality Assurance;
- Second, growing our market share with existing customers and through providing additional services across more products or projects and a wider coverage of the supply chain;
- Third, gaining new customers and convincing those businesses performing in-house testing that they should outsource; and
- Fourth, leveraging our highly cash-generative business model and strong balance sheet through selective acquisitions.

We are extremely well-positioned to take advantage of the growth opportunities in the Quality Assurance market and deliver GDP plus organic revenue growth over the medium to long term given our broad service portfolio, our technical expertise and global network of facilities.

The Quality Assurance Market

Market size

$250bn

We estimate that the wider market opportunity for our Assurance, Testing, Inspection and Certification ('ATIC') solutions is $250bn with significant growth opportunities.

It is currently dominated by in-house testing, while the external market is extremely fragmented.

Structural Growth Drivers

Assurance

- Increased corporate focus on risk
- Outsourcing of supply chain
- Focus on ethical supply
- Sustainability of supply chain
- Increased management and board focus on risk management
- Increased shareholder requests for transparency on risk management and quality assurance

Testing, Inspection, Certification

- Increased volume and depth of TIC
- Global trade
- Regulatory changes
- Increased quality standards
- Consumers' / customers' focus on sustainability
- Innovation driving product variety
- E-commerce
- Technological development
- Growth in domestic demand in emerging markets
- Growth in energy demand

Offering Assurance, Testing, Inspection and Certification Solutions Across Three Sectors

Our Sectors

Sector	Business Lines	Contribution	Outlook
Products • Structural drivers include quality solutions and sustainability demand, R&D, regulation, brand and supply chain expansion and risk management	Softlines, Hardlines, Electrical & Wireless, Business Assurance, Building & Construction, Transportation Technologies, Chemicals & Pharmaceuticals, Product Assurance, Food and Health, Environmental & Regulatory Services	**Group revenue** 51% **Group operating profit** 68%	Continuing growth from expanding investment in quality and innovation
Trade • Structural drivers include: global GDP growth, quality and quantity control requirements during transportation	Cargo & Analytical Assessment, Agriculture, Government & Trade Services	**Group revenue** 25% **Group operating profit** 22%	Global and regional trade flow growth
Resources • Structural drivers include: capex & opex investment, increased resources activity and long-term demand for energy	Industry Services and Minerals	**Group revenue** 24% **Group operating profit** 10%	Long-term growth

Intertek Total Quality Assurance Proposition

Compelling customer offering

The Intertek Total Quality Assurance Proposition is a compelling customer offering and includes:

- A global Network of State-of-the-Art Facilities
- Industry-Leading Technical Expertise
- Total Quality Assurance with Assurance, Testing, Inspection and Certification ('ATIC') services
- Innovative and Bespoke ATIC solutions in the Products, Trade and Resources sectors
- Superior Customer service 24/7 fuelled by Industry-winning processes and our customer-centric culture

Our Total Quality Assurance Proposition provides a systemic approach to supporting our customers' Quality Assurance efforts in each of the areas of their operations including R&D, raw materials, sourcing, components suppliers, manufacturing, transportation, distribution and retail channels and consumer management.

We deliver our independent, innovative and bespoke Quality Assurance solutions for our customers' operations and supply chains 24 hours a day, 7 days a week across 100 countries.

Intertek Customer Promise

Our innovative Assurance, Testing, Inspection and Certification solutions delivered 24/7 with precision, pace and passion enabling you to power ahead safely.

Our 5x5 Strategy for Sustainable Growth

Intertek 5 x 5 Strategy

To seize the exciting ATIC growth opportunities ahead and deliver our Total Quality Assurance Proposition, we have developed our 5x5 strategy based on 5 clear strategic priorities and 5 enablers.

Our 5 Strategic Priorities		Our 5 Enablers
Strong Brand Proposition	5	Living Our Customer-Centric Culture
Superior Customer Service	×	Disciplined Performance Management
Effective Sales Strategy	5	Superior Technology
Growth- and Margin-Accretive Portfolio		Energising Our People
Operational Excellence		Delivering Sustainable Results, Everywhere, Every Day

This has been an important year for the quality assurance market and for Intertek as highlighted by the number of news reports around the world frequently focusing on questions about quality. As a global business operating with more than 41,000 people in over 100 countries in three main sectors of the economy – Products, Trade and Resources – Intertek has continued to help our customers meet the challenges they face by providing independent, innovative and bespoke quality assurance solutions.

"Never has there been so much focus on quality assurance from consumers, regulators, media, companies and investors."

SIR DAVID REID
Chairman

The appointment of André Lacroix in May 2015 has brought new thinking about the market drivers for Intertek and how our business should evolve to meet the changing needs of our stakeholders. To access the significant structural growth opportunities opened up by this new approach to the assurance, testing, inspection and certification market, André and the executive team have, with the support of the Board, developed a Total Quality Assurance Proposition and a new growth strategy. André explains more about the proposition and strategy in his Chief Executive Officer's statement. In implementing this strategy, we will retain our capital discipline and operate with a renewed focus on margin accretive revenue growth, strong returns and cash generation. We plan that this will deliver positive outcomes for our customers, our people and our shareholders.

2015 PERFORMANCE

Our performance benefited from good growth in our Products and Trade businesses, while trading conditions remained challenging in the Resources businesses. In 2015, the Group delivered revenue of £2,166m, an increase of 3.5% over the prior year. Organic revenue growth at constant exchange rates was 1.6%. Adjusted operating profit rose to £343m, up 5.9%, and adjusted operating margin was 15.9% compared to 15.5% in 2014.

The Industry Services business continued to face challenges in the energy infrastructure sector of oil and gas. Following a review of our business a non-cash impairment charge of £577.3m has been recorded in the year.

The underlying performance of the business was solid with adjusted diluted earnings per share of 140.7p, up 6.5%.

The Board has a progressive dividend policy. We will seek to increase the dividend each year in a sustainable way and maintain a minimum dividend cover of 2.5 times earnings. On 13 October 2015, we paid an interim dividend of 17.0p per share (2014: 16.0p). At the Annual General Meeting, the Board will propose a final dividend of 35.3p per share, which will make a full year dividend of 52.3p per share (2014: 49.1p), an increase of 6.5%.

This final dividend will be paid on 3 June 2016 for those shareholders on the register on 20 May 2016.

CASH FLOW AND INVESTMENT

In 2015, the Group continued to generate strong cash flow, with adjusted cash flow from operations of £466m, an increase of 15% on the prior year. Adjusted cash conversion was 136% compared to 125% in 2014.

The Group invested £112m in new laboratories and equipment in the year which represents 5.2% of total revenue (2014: £110m, 5.2%). The capital investment programme ensures we continually position Intertek to capture future growth.

Net debt at the year end was £775m, an increase of 22% on the prior year, largely reflecting the net spend of £231m on acquisitions.

ACQUISITIONS

In line with our priorities of strengthening our global and local businesses, Intertek announced the acquisitions of five new companies in 2015, with four completing during the year.

André provides more detail on acquisitions in his statement.

The most significant was the acquisition of Professional Service Industries, Inc., a leading US-based provider of testing and assurance services to the commercial and civil construction markets.

With our strong financial position we are well-placed to continue to evaluate strategic acquisition opportunities and to make smaller, bolt-on acquisitions that bring complementary services to our portfolio and have the potential to increase shareholder value.

THE BOARD AND MANAGEMENT

With highly engaged people, having the right person at the very top of the organisation to lead the business in a world that is changing quickly is critical. Appointed on 16 May 2015, our new Chief Executive Officer, André Lacroix, and the experienced leadership team have worked with the Board during the year to develop a differentiated strategy for growth that meets the needs and demands of our stakeholders.

At the May 2015 Annual General Meeting, after serving as Chief Executive Officer for ten years, Wolfhart Hauser retired. Christopher Knight, Chairman of the Remuneration Committee and Non-Executive Director, also retired after serving for nine years on the Board.

We welcomed Gill Rider to the Board as a Non-Executive Director and Chair of the Remuneration Committee on 1 July 2015. Gill adds valuable experience to the Board from her career in both Executive and Non-Executive roles.

In other changes to the Committees, Mark Williams was appointed to the Remuneration and Nomination Committees with effect from 15 May 2015, Alan Brown moved from the Remuneration Committee to the Audit & Risk Committee on 1 July 2015 and Dame Louise Makin joined the Nomination Committee on 1 December 2015.

SHAREHOLDER ENGAGEMENT

Our ongoing and continuing dialogue with our shareholders has been a key focus during the year. As a Board, we have been cognisant of the voting results at last year's Annual General Meeting. We took note of the shareholder pushback for the advisory vote on the Directors' Remuneration report at the 2015 Annual General Meeting and responded accordingly. As a result, there has been significant engagement with our shareholders and other stakeholders on remuneration matters and all feedback has been reviewed and taken into consideration. In accordance with regulations and good corporate governance and following further shareholder engagement, our Directors' Remuneration Policy will be presented for approval by shareholders at the 2016 Annual General Meeting. Details are set out in the Directors' Remuneration report on pages 63 to 77.

GOVERNANCE

As Chairman, I am committed to seeing Intertek operating with the highest standards of corporate governance.

An independent external evaluation was undertaken of the Board during the year. I am pleased that the results were positive and confirmed that the Board and the way it operates are effective. More information on this review is outlined on pages 60 and 61 of the Corporate Governance Report.

While all Board appointments are made on merit, we are strong believers in the importance of diversity. We have strived for gender diversity among our membership and female Board members currently comprise 30% of the Board. Our Diversity Policy can be found on our website.

SUSTAINABILITY

Sustainable business practices are integral to Intertek. We assist many of the world's leading corporations and best-known brands in improving the social, ethical and environmental impact of their products, processes and supply chains ensuring quality and safety and thereby protecting their brands.

In our own operations, we continue to improve our processes to monitor our impact on climate change and have controls in place to minimise the Group's effect on the environment through, for example, utilising renewable sources of energy, reducing energy consumption and implementing 'green' waste management practices.

The health and safety of our people is paramount and we have policies in place to ensure staff welfare remains of utmost importance. In 2015, we implemented an online reporting tool for information relating to health and safety incidents with these insights shared across the Group to help understand and reduce accident rates.

INTEGRITY AND OUR PEOPLE

The integrity and ethical conduct of our people is at the core of everything we do and critical to the success of Intertek. We continually review our performance against our robust ethical policies and control procedures. These policies and procedures help us ensure that good business ethics are embedded across the Group.

The Board recognises that delivering our new strategy for growth depends on many factors but people are our greatest asset. We are confident and know that our employees have the innovative talent and knowledge to build on our traditions to realise the full potential of our business. Our continuing success relies upon the commitment, energy, expertise and hard work of our teams around the globe and on behalf of the Board, I would like to thank all of our employees for their continued dedication and diligence.

LOOKING AHEAD

We look to the future with confidence. We have articulated a clear growth strategy to deliver quality assurance solutions in rapidly changing markets with strong structural growth drivers. Despite current market challenges in some parts of our Resources business, we believe the Group can continue to deliver revenue growth, improved margins, strong cash generation and attractive returns. Supported by the investments we are making, I am convinced Intertek will build on its successful heritage to continue to deliver long-term value for our shareholders.

SIR DAVID REID
Chairman

Intertek is a business that has consistently innovated and evolved to meet changing needs and demands. Today, consumers are demanding higher quality and greater sustainability; regulators are demanding safer products and better working conditions; and companies are focusing on reducing the risks in their increasingly complex operations and supply chains. We are evolving our Total Quality Assurance Proposition to address the needs of our clients and see us seizing the exciting growth opportunities in our changing industry.

"Intertek is a growth company on a 'good to great' journey."

ANDRE LACROIX
Chief Executive Officer

'I find out what the world needs, then I proceed to invent it'

So said Thomas Edison, who established the Edison Lamp Testing Bureau in 1896, one of the founding companies of Intertek. The ability to anticipate future trends has been a strength of Intertek over the years. Staying close to our customer needs is embedded in our day-to-day business to ensure that, as a company, we remain forward-looking and relevant in a rapidly changing world. This is the reason Intertek has a great heritage reaching back well over 100 years and over that time, our purpose, our vision and our mission are essentially unchanged.

Our purpose is bringing quality and safety to life.

Our vision is to become the world's most trusted partner for quality assurance.

Our mission is to exceed our clients' expectations with independent, innovative and bespoke assurance, testing, inspection and certification services for their operations and supply chains. Globally. 24/7.

2015 PERFORMANCE

We are pleased with the progress of the Group and we delivered a solid performance in 2015. Our organic growth momentum has improved and we have delivered EPS growth of 6.5%.

The Group remains strongly cash-generative and we have continued to invest in growth with capex and M&A in businesses with good growth and good margin prospects.

Given the continuing challenging trading conditions in the global oil and gas industry, we have taken a £577m non-cash impairment charge to reflect the uncertainties. This one-off charge has had a material impact on our reported profits, but does not impact the solid underlying performance of the business.

We have a tradition of innovation and as I travel around our operations across the globe to meet with our employees, customers, governments and regulators, I experience this innovative spirit every day across our business.

As I have come to know Intertek, I am clear that we have five fundamental strengths that make our business successful:

- a global network of state-of-the-art facilities
- a powerful portfolio with leadership positions
- the depth and breadth of Quality Assurance solutions
- a high margin, strong cash-generative earnings model
- a passionate and entrepreneurial culture

We are a growth company operating in a unique growth industry. We have more opportunities today than ever before – from consumers demanding higher quality and greater sustainability; from regulators demanding safer products and better working conditions; and from companies focusing on reducing the risks in their increasingly complex operations and supply chains.

We have indeed some truly exciting opportunities to make Intertek a great company.

CHANGING INDUSTRY DYNAMICS POSITIVE FOR INTERTEK

When companies outsource their supply chain around the world, it makes them more complicated and complex to manage. As a result, ensuring quality, traceability, ethical supply and sustainability in the supply chain has become the number one issue for many businesses. In today's ever more connected world, problems or issues are quickly disseminated and can be extremely damaging for any business.

As a result, both Board and management focus on risk management of their operations and supply chain is increasing. And, importantly, it is on shareholders' agenda too.

In November 2015, Stephanie Pfeifer, chief executive of the Institutional Investors Group on Climate Change, a group representing 118 investors with €12tn in assets under management wrote an open letter to EU policymakers stating that 'investors need to be reassured that testing is reliable' so that they can allocate 'capital to those entities that are best placed to deliver enduring value to shareholders'. I truly believe that it is only a matter of time before investors ask for more transparency on risk management and quality assurance.

At its core, **Testing**, **Inspection** and **Certification** ('TIC') is the quality control of end product formulations, raw materials, components and assets. However the industry is evolving beyond Quality Control and increasingly includes Quality **Assurance** as corporations increase their focus on the management of risk for their operations and supply chain.

Indeed our customers now expect a Total Quality Assurance solution that includes systemic and in-depth Assurance, Testing, Inspection and Certification for their business. The TIC industry is gradually becoming the ATIC Quality Assurance market, which, as a market leader in Assurance, is an exciting opportunity for our business and Group.

Assurance ensures our clients identify and mitigate the intrinsic risk in their operations, supply chain and quality management systems.

We have over 3,000 auditors and conduct on average 90,000 audits annually delivering assurance through ISO certificates and non-ISO evaluations, as well as ensuring businesses comply with regulations and improve performance within their supply chains.

In addition to Assurance, we provide our customers with Testing, Inspection and Certifications. We do that every day, around the globe and we do it very well. We are one of the market leaders with a global footprint of over 41,000 people and 1,000 laboratories and offices in over 100 countries.

Testing is evaluating how the products and services of our clients meet and exceed quality, safety, sustainability and performance standards.

Inspection is validating the specifications, value and safety of raw materials, products and assets.

Certification is certifying that products and services meet trusted standards.

ATTRACTIVE GROWTH OPPORTUNITIES

The ATIC Quality Assurance market is a $250 billion opportunity with significant growth opportunities.

We provide ATIC services to our clients in three distinct sectors of the global economy that share broadly common characteristics – Products, Trade and Resources – and this is how we will report our progress going forward.

- **Products** is consumer goods, commercial & electrical, chemicals & pharmaceuticals and business assurance
- **Trade** is cargo, agriculture, government & trade services
- **Resources** is oil and gas capex and opex-related industry spend, minerals.

90% of our operating profit is derived from Products- and Trade-related businesses, both of which are delivering good growth fuelled by the higher quality and safety standards requested by consumers and the growth of global and regional trade. The third sector serviced by our business model, Resources, has experienced more difficult trading conditions over the past 12 to 24 months and, while we expect the market to remain challenging in the short term, the need to support the demands of a growing global population means we remain confident in the longer term outlook for the sector.

Given our broad service portfolio, our technical expertise and our global network of facilities, we are, in my view, extremely well positioned to take advantage of the various growth opportunities and to deliver global GDP plus organic revenue growth over the medium to long term. We will do this by offering a superior service proposition delivered by passionate employees and a Total Quality Assurance Solution leveraging our technical expertise and bespoke innovative ATIC solutions.

We see four growth opportunities. First, the structural factors that drive growth in quality control such as global trade, changing regulation, increasing quality standards, consumer or customer focus on sustainability, innovation, e-commerce, new brands, and technology as well as the increased focus of Boards and management on risk in their supply chain and operations.

Second, growing our market share with existing customers, through providing additional services, across more products or projects and wider coverage of the supply chain.

Third, gaining new customer contracts and convincing those businesses performing TIC in-house that they should outsource. We estimate that around four-fifths of the ATIC market, equivalent to $200 billion, is in-house. We talk to these companies, offering a solution that will enable them to focus their resources on their core activities by providing the latest capabilities and familiarity with the latest regulations. As importantly, we provide independent expertise.

The fourth opportunity is industry consolidation. We have a highly cash-generative business model and a strong balance sheet to accelerate organic growth with selective acquisitions.

INTERTEK TOTAL QUALITY ASSURANCE PROPOSITION

We are providing our clients with independent, innovative and bespoke quality assurance solutions for their operations and supply chains 24 hours a day, 7 days a week across 100 countries.

The strength of our Service, Business Lines and Countries portfolio enables us to seize the exciting growth opportunities in the ATIC Quality Assurance market globally as we offer our clients a broad base offering of ATIC solutions.

The Intertek Total Quality Assurance Proposition is a compelling client offering based on:

- A global network of state-of-the-art facilities;
- Industry-leading technical expertise;
- Total Quality Assurance with ATIC services;
- Innovative and bespoke ATIC solutions in the Products, Trade, Resources sectors; and
- Superior customer service 24/7 fuelled by Industry-winning processes and our customer-centric culture.

Superior customer service is a key differentiator. I believe that creating a customer service for our clients will be a true accelerator of growth. We are increasing our efforts to continuously develop innovative processes to improve our customer service and at the core of this is using the Net Promotor Score ('NPS') methodology.

We want to leverage our passionate culture across our Group through engaged employees. We champion amongst our teams entrepreneurship, excellence, diversity, innovation, agility and, most importantly, we foster a focus on collaboration to create cross-selling opportunities and a sustainable business.

I strongly believe that in a decentralised and diverse global service business, fostering the right customer-centric culture will make our Intertek Total Quality Assurance Proposition a unique competitive advantage.

We have revisited our values to drive the right cultural behaviours and we have identified five values that are true to who we are:

- We are a global family that values diversity.
- We always do the right thing. With precision, pace and passion.
- We trust each other and have fun winning together.
- We own and shape our future.
- We create sustainable growth. For All.

OUR 5X5 STRATEGY FOR SUSTAINABLE GROWTH

To seize the exciting ATIC growth opportunities ahead and deliver our Total Quality Assurance Proposition, we have identified 5 clear strategic priorities and the right 5 enablers.

I call this our 5×5 growth strategy – five strategic priorities and five enablers.

The five strategic priorities are:

A **Strong Brand Proposition** that positions Intertek as the market leading quality assurance provider. Our brand proposition and our well-known and respected legacy brands will build awareness of our strong quality assurance value proposition.

Superior Customer Service that supports premium pricing, listens to our customers to improve delivery and develops innovative solutions leveraging technology to make Intertek the most trusted quality assurance provider.

An **Effective Sales Strategy** that delivers organic revenue growth, developing our business with existing customers and winning new clients.

A **Growth- and Margin-accretive Portfolio** strategy that delivers growth at the business line, country and service levels. It is about deciding where we want to allocate our people and capital resource to move the centre of gravity of the Company towards the good growth and good margin areas in the industry operating within strict capital allocation guidelines. We will manage organic performance and pursue M&A opportunities based on these portfolio priorities.

Operational Excellence to drive productivity. We will continue to eliminate non-essential costs, which will involve the consolidation of facilities and back offices, as well as streamlining and optimising our processes through improved IT infrastructure and technology.

The five enablers are:

Led by what I call '**Living Our Customer-centric Culture**'. We have a strong entrepreneurial spirit and are decentralised which means our businesses are very close to their markets. Our people really are passionate about what they do - they understand their business and their markets. We can build on these very strong foundations, empowering the workforce and putting the customer first.

Second is **Disciplined Performance Management** to deliver margin accretive revenue growth with strong cash conversion and returns on capital. We will focus on internal/external benchmarking with improved reporting process and leverage technology to manage aligned financial and non-financial performance metrics.

Superior Technology will add value to customers and increase our productivity. Our focus will be to improve the functionality and experience of our client-facing IT systems to provide the expected data intelligence as well as increasing the productivity of our back-office systems.

Energising Our People in an engaged workforce is key. We are a people business and I am a firm believer that by providing personal growth opportunities and clear guidelines on expectations we can unleash the undoubted potential of the Intertek organisation. We will invest in capability to support and fuel our growth agenda and ensure that our reward and recognition strategy drives high and sustainable performance.

Delivering Sustainable Results, Everywhere, Every Day. This is about creating sustainable growth for our Customers, Employees, Shareholders, Suppliers and the community. We strongly believe that doing business the right way with all stakeholders will underpin the sustainability of our growth performance.

SHORT-TERM PRIORITIES IN 2016

To implement our 5x5 strategy we will be very focused in 2016 on ensuring internal alignment on revenue, margins and cash delivery.

Ensuring alignment inside the company through:

- an organisational structure supporting our business model;
- sponsorship of the 5x5 strategy at the top of the business with our growth agenda shared by the Executive Team;
- improving performance management;
- increased communications effort and best practice sharing; and
- a new short-term incentive scheme with a focus on margin accretive revenue growth with strong cash conversion to deliver strong returns.

In 2016, to deliver revenue growth, we plan to:

- execute the short-term action plans in our global business lines;
- develop and launch innovative ATIC Solutions in Products, Trade and Resources;
- drive ATIC cross-selling to existing and new customers based on key account plans;
- implement NPS measurement to measure our Customer service delivery; and
- prioritise organic capex investments.

To deliver margin and cash improvement, we plan to:

- implement the 2015 cost restructuring activities;
- continue to look at cost saving opportunities by reviewing facilities, processes and purchasing;
- drive operational excellence with focus on financial and non-financial metrics;
- ensure we manage our capacity and costs tightly in Industry Services and Minerals; and
- continue to improve cash management.

FOCUSED PORTFOLIO STRATEGY

Pursuing a growth- and margin-accretive portfolio is one of our five strategic priorities.

When managing our day-to-day performance and allocating our capital and people resource, we will pursue a three-tier portfolio strategy.

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

- At the Business Line level: Softlines, Hardlines, Electrical & Wireless, Cargo & Analytical Assessment and Government & Trade Services.
- At the Geographic level: North America, Greater China.

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

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

Third, we will focus on improving the performance in:

- At the Business Line level: Industry Services and Minerals.
- At the Geographic level: Europe and Australasia.

DELIVERING SHAREHOLDER RETURNS

In my view, to deliver shareholder returns on a consistent basis the right formula is sustainable earnings growth with accretive disciplined allocation of capital. The **first priority** when it comes to capital allocation is investment supporting organic growth through capital expenditure and working capital to grow market share by delivering new services, opening new locations and winning new clients in areas with good growth and good margin prospects. In the medium to long term, we will invest 5% of revenue in capital expenditure.

The **second priority** is to deliver sustainable returns for our shareholders through the payment of progressive dividends. I am very comfortable with our current dividend payout ratio of circa 40% of earnings.

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

In 2015, we announced five acquisitions in line with this strategy.

In February, we acquired Adelaide Inspection Services Pty Ltd, a non-destructive testing business focused on the power generation market.

In September, we acquired Dansk Institut for Certificering A/S ('DIC'), a quality assurance and certification company in Denmark. As a leading Danish certification body, DIC enables us to expand our Business Assurance capabilities in the growing Nordic region.

In November, we completed the purchase of Professional Service Industries, Inc. ('PSI'), for a total cash consideration of $330 million. PSI is a leading US-based provider of testing and assurance services to commercial and civil construction markets, with a broad service offering including building materials testing; geotechnical services; and property and environmental assurance. The acquisition will build on the strong growth track record in our Building business and on the successful acquisition of Architectural Testing Inc. two years ago.

In October we acquired MT Group LLC and Materials Testing Lab, Inc., (together 'MT'), a leading provider of materials testing services for the building industry in the New York metro area.

The acquisitions of PSI and MT position us as a leading full service 'one stop shop' for our clients in the rapidly-growing US Building and Construction markets, bringing complementary services to our portfolio of Testing and Assurance services during the construction phase and deepening our footprint in the USA providing access to new markets and customers.

In December, we announced our intention to acquire Food International Trust ('FIT-Italia'), an Italian company specialising in the provision of assurance services to the retail and agricultural sectors, which completed in January 2016.

The **fourth priority** is to maintain an efficient balance sheet that gives us the flexibility to invest in growth with leverage of net debt to EBITDA of 1.5 to 2 times. At the end of 2015, following completion of the PSI transaction, net debt to EBITDA stood at 1.7 times on a pro forma basis.

OUTLOOK

The structural growth outlook for our industry is truly exciting. I believe that the ATIC Quality Assurance industry is a global GDP plus organic growth industry in the medium to long term, with many exciting opportunities.

In our Products-related businesses, the growth prospects are GDP-agnostic, driven by the need for companies to constantly innovate, raise quality standards, build brands, protect their reputations, meet regulatory standards and seek independent advice. This expanding investment in quality and innovation by our customers to build a brand franchise and gain market share will enable our Products business to benefit from faster than global GDP growth.

The Trade business is linked to GDP growth. We will benefit from the expanded global trade and the development of regional trade in Asia, the Indian Ocean, Africa, the Mediterranean and the Americas. On this basis, we expect the growth profile to track global and regional trade at a broadly similar rate to GDP.

The Resources business is more cyclical and will remain challenging in the short term. From time to time we will cycle through phases where low resource prices mean our customers' cash flow is restricted and, in such periods, we know that investment will be cut back. However, investment in exploration and production of oil, gas and minerals will increase over time to support the demands of a growing global population.

We plan to deliver in the medium to long term global GDP plus organic revenue growth, margin accretion from growth and productivity, strong cash conversion of 90-100% and strong returns, while creating sustainable returns for our shareholders.

In 2016, we expect to deliver a solid organic growth performance and we plan to integrate PSI in the USA. We expect our margin to be broadly stable and we will remain disciplined on cash generation and capital allocation.

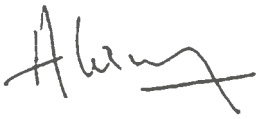
SUMMARY

Intertek has a long and proud heritage built on innovation. From the early days of Caleb Brett in 1885, Intertek is a business that has consistently innovated and evolved to meet the changing needs and demands of consumers, our customers and employees. We have grown from a UK base to serve our clients in over 100 countries around the globe, 24 hours per day, seven days a week. We have the capabilities, technology, facilities and passionate people providing superior assurance, testing, inspection and certification services.

As I look at Intertek today, I am truly excited about our future. We are seeing strong growth opportunities as the focus of corporates and their stakeholders is not just on quality control but quality assurance and risk management as Boards and management teams seek to reduce risk in their increasingly complex operations and supply chains. We are well positioned to seize these exciting growth opportunities with our strong ATIC Quality Assurance Proposition delivered globally in the three main sectors of the economy, Products, Trade and Resources. We are continuing to invest organically and making value-enhancing acquisitions that strengthen our portfolio.

We are focused on a portfolio of businesses to generate margin accretive revenue growth, strong returns and cash generation.

We are on a 'good to great' journey.



ANDRE LACROIX
Chief Executive Officer

KPIs – Measuring our strategy

In overview for 2015, the Group delivered good revenue growth across the Products- and Trade-related divisions. The Group's focus on growth, operational efficiency and margin accretion has underpinned improved cash conversion and increased dividend to shareholders.

The Group uses a variety of key performance indicators ('KPIs') to monitor performance and measure the financial impact of the Group's strategy. Non-financial KPIs are shown in the Sustainability and CSR report on pages 46 to 51.

Revenue (£m)

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

+3.5%

2015	2,166
2014	2,093
2013	2,184

Organic revenue at constant exchange rates[3] (£m)

Revenue growth, excluding currency movements, acquisitions and disposals.

+1.6%

2015	2,120
2014	2,087

Adjusted operating profit[1] (£m)

Measures profitability of the Group and includes currency impacts.

+5.9%[#]

2015	343
2014	324
2013	343

Organic adjusted operating profit at constant exchange rates[1,3] (£m)

Measures profitability of the Group excluding acquisitions and disposals.

+2.1%

2015	338
2014	331

Adjusted operating margin[1] (%)

Margin measures profitability as a proportion of revenue.

+40bps

2015	15.9%
2014	15.5%
2013	15.7%

Adjusted cash flow from operations[1] (£m)

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

+15.3%

2015	466
2014	404
2013	394

Adjusted diluted earnings per share[1] (pence)

A key measure of value creation for the Board.

+6.5%[#]

2015	140.7
2014	132.1
2013	138.6

Dividend per share[2] (pence)

Dividend per share measures returns provided to shareholders.

+6.5%

2015	52.3
2014	49.1
2013	46.0

Return on invested capital[4] (%)

Measures how effectively the Group generates profit from its invested capital.

+60bps[#]

2015 – Proforma	16.9
2014	16.3
2013	18.4

#. Return on Invested Capital ('ROIC'), and, when re-calculated using 2014 exchange rates, adjusted operating profit and adjusted diluted earnings per share, form the basis for Executive Director remuneration as described in more detail on pages 63 to 77.
1. Adjusted operating profit, adjusted operating margin, adjusted cash flow from operations and adjusted diluted earnings per share are stated before Separately Disclosed Items, which are described in note 3 to the financial statements.
2. Dividend per share is based on the interim dividend of 17.0p (2014: 16.0p) plus the proposed final dividend of 35.3p (2014: 33.1p).
3. Growth at constant exchange rates compares both 2015 and 2014 at the average exchange rates for 2015. Organic revenue excludes acquisitions and disposals in the past two years.
4. Proforma ROIC in 2015 is stated excluding the impact of the PSI acquisition on 23 November 2015 and excluding the impairment charge recorded as at 31 December 2015 to provide a meaningful comparative.

Strategic report
Intertek Executive Management Team

The day-to-day management of the Group is undertaken by the Intertek Executive Management Team.

ANDRE LACROIX
Chief Executive Officer
Appointed to the Intertek Board as Chief Executive Officer in May 2015. André is an experienced Chief Executive with a strong track record of delivering long-term growth strategies and shareholder value with global companies across diverse territories. André was previously Group Chief Executive of Inchcape plc from 2005 to 2015 and prior to this he was Chairman and Chief Executive Officer of Euro Disney S.C.A. From 1996 to 2003 he was the President of Burger King International, previously part of Diageo. André is currently the Senior Independent Director of Reckitt Benckiser Group plc and Chairman of Good Restaurants AG.

NIMER AL-HAFI
Senior Vice President, Global Customer Service and ATIC Operational Excellence
Joined Intertek in 1995. Nimer is responsible for the Group's global customer service agenda and ATIC operational excellence as well as sustainability and health & safety programmes. Prior to this, he was President of Intertek's US Products group covering testing, inspection, certification, consulting and quality assurance services, having started with the Company as an Engineer in 1995.

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

EDWARD LEIGH
Chief Financial Officer
Appointed to the Board as Chief Financial Officer in October 2014. Joined Intertek in March 2013 as the Group's Financial Controller. Prior to that, Edward spent nine years at Dixons Retail plc, where he held several senior financial management positions, including Divisional & Corporate Development Finance Director, UK & Ireland CFO and Group Financial Controller. From 1995 to 2004 Edward held commercial financial leadership roles at Procter & Gamble Co. covering the UK and international markets.

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

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

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

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

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

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

JULIA THOMAS
Vice President, Corporate Development
Joined Intertek in 2013. Julia has responsibility for Intertek's acquisition and disposal activities, and oversees Group Marketing. Before joining Intertek, Julia spent 12 years in investment banking with J.P. Morgan Cazenove and Rothschild, focusing primarily on mergers and acquisitions.

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

Strategic report – Operating review
Consumer Goods

The Consumer Goods division has continued to grow well, with strong growth in emerging markets.

KEY BUSINESS LINES

Softlines
Hardlines
Product Intelligence
Auditing

SERVICES & CUSTOMERS

Intertek is a market leading provider of services to the textiles, toys, footwear, hardlines and retail industries. As partner to retailers, manufacturers and distributors, the Company offers expertise on quality issues ranging from restricted hazardous substances and sustainability, to supply chain security and legislation relating to environmental, ethical and trade security issues. Services include testing, inspection, auditing, advisory services, quality assurance and hazardous substance testing. Our customers include the world's leading retailers, their partners and suppliers.

STRATEGY

Consumer Goods supports our customers with quality solutions that add value throughout their supply chain and which support their brand and desirability of their products to their end consumers. We do this by ensuring that we deliver high levels of service and expertise in key locations, and by continuously innovating the range of services we provide by anticipating customer demands and their future geographic needs.

£404.3m
Revenue

£136.1m
Adjusted Operating Profit

Financial highlights 2015

	2015 £m	2014 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**404.3**	375.3	7.7%	4.4%	4.4%
Adjusted operating profit	**136.1**	124.8	9.1%	4.4%	
Adjusted operating margin	**33.7%**	33.3%	40bps	0bps	

OUR PERFORMANCE IN 2015

Total revenue was £404.3m, up 4.4% at constant exchange rates. At actual exchange rates total revenue was 7.7% higher.

Total adjusted operating profit was £136.1m, up 4.4% at constant exchange rates, reflecting good growth in the textiles and chemical testing businesses. Total adjusted operating profit was up 9.1% at actual exchange rates.

In 2015 our Consumer Goods division delivered a 4.4% organic revenue growth performance with stable margin driven by a strong growth in Softlines and a solid performance in Hardlines.

Our Softlines business benefited from strong demand from our customers for chemical testing to reduce harmful chemicals and from the expansion of their supply chains in new markets where we have opened new facilities.

Our Hardlines business continues to take advantage of growth in new sourcing markets and strong global account relationships.

2016 OUTLOOK

In 2016 we expect our Consumer Goods business to deliver good organic growth.

Our Softlines business will benefit from the supply chain expansion in Vietnam, Cambodia and India, as well as from the strong growth we are seeing in the footwear sector.

Our Hardlines business will benefit from the supply chain expansion in India and Mexico, as well as from the launch of innovative technology for Inspections in factories.

MID- TO LONG-TERM OUTLOOK

Our Consumer Goods division benefits from strong long-term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, and the increasing quality and sustainability demand of developed and emerging economies globally.

Through these trends we expect long-term continuing growth from expanding investment in quality.

CASE STUDY

Intertek's smart approach to chemical screening

In 2015, we launched our global Chemical Smart Screening service for textile, apparel and footwear customers. This single screening test can detect up to 400 substances in chemicals and auxiliaries used in production, allowing manufacturers and retailers to identify harmful chemicals even before reaching the prototype stage.

This innovative approach gives customers higher visibility into their supply chain as well as lowering the risk of extra production cost and turnaround time caused by rehandling.

CASE STUDY

Intertek sports new testing for activewear

Activewear isn't just for working out any more. As workout clothes have become more fashionable – spurring the popular 'athleisure' trend – men, women and children are now wearing activewear to work, to run errands, to school and even out to dinner. Additionally, as people become more health-conscious by adding sport into their daily lives, activewear becomes a natural choice as it improves user performance.

To meet the rising demand from clients for activewear testing, in 2015 Intertek developed its Activewear Testing Solutions service.

We now carry out testing for functional and performance properties like anti-bacterial, thermal regulation, moisture management (quick-dry), breathability, UV protection and water repellency for a variety of products including performance outerwear, fitness apparel, team uniforms, footwear and outdoor clothes.

CASE STUDY

Intertek launches innovative E-fit service for textiles and clothing

Intertek launched a new innovative computer-modelling E-fit service in India using CAD (Computer Aided Design) that codifies product specification to help local factories meet their clients' standards for textiles and clothing.

Our tool uses a combination of hardware and software systems, to help manufacturers create 3D designs and patterns, as well as showing fabrics stitched onto a virtual model to visualise the final product.

As well as reducing costs at every point in the manufacturing process including fabrics, logistics and prototypes, the E-fit CAD-enabled testing studio reduces production time for clients and provides a better understanding of fits and falls.

Strategic report – Operating review
Commercial & Electrical

The Commercial & Electrical division has grown revenue strongly with good growth across Electrical, Transportation Technologies and Building Products.

KEY BUSINESS LINES

Electrical & Wireless
Transportation Technologies
Building Products

SERVICES & CUSTOMERS

Our global network of accredited facilities provides manufacturers and retailers with a comprehensive scope of safety, performance and quality testing and certification services. The division supports a wide range of industries including home appliances, consumer electronics, information and communication technology, transportation, lighting, medical, building products, industrial and renewable energy products. Our customers include the world's leading brands and manufacturers of a wide range of consumer electrical and industrial products and components.

STRATEGY

Commercial & Electrical delivers solutions that add value along the length of our customers' supply chain and which support their brand and the desirability of their products to their end consumers. Our key focus is leveraging our global network of centres of excellence and comprehensive suite of technical accreditations and market-leading customer service to help our clients get their products to market quicker through our 'global market access' programme.

£411.7m
Revenue

£60.5m
Adjusted Operating Profit

Financial highlights 2015

	2015 £m	2014 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**411.7**	359.6	14.5%	10.5%	6.1%
Adjusted operating profit	**60.5**	51.0	18.6%	13.9%	
Adjusted operating margin	**14.7%**	14.2%	50bps	50bps	

OUR PERFORMANCE IN 2015

Total revenue was £411.7m, up 10.5% at constant exchange rates, driven by strong growth in our Transportation Technologies business line and the acquisition of PSI. At actual exchange rates revenue growth was 14.5%.

Total adjusted operating profit was £60.5m, up 13.9% at constant exchange rates with the total adjusted operating margin increasing 50 basis points at constant exchange rates. Total adjusted operating profit was up 18.6% at actual rates.

Our Commercial & Electrical business delivered strong organic growth of 6.1% in 2015 with improved margin driven by broad based growth in Electrical & Wireless ('E&W'), Transportation Technologies and Building Products.

Our E&W business continued to benefit from higher regulatory standards in energy efficiency and from the increased demand for wireless devices.

The growing demand for greener and higher quality buildings and infrastructure in the US market are the major drivers of growth for our Building Product activities.

Our Transportation Technologies operations are capitalising on our automotive clients' investments in R&D to develop new models and more fuel efficient engines.

The quality of our innovative solutions to support the performance and safety agenda of our customers is an important driver of the strong results we have delivered in 2015 in our Commercial & Electrical business.

2016 OUTLOOK

In 2016 we expect our Commercial & Electrical Business to deliver good organic growth.

Our E&W business will benefit from expansion of our operations in South Korea and Mexico into the fast growing EMC sector. On a global basis we are seeing an increased demand for Internet-of-Things ('IOT') testing across multiple industries.

Our Building Products business will benefit from the growth of the commercial and civil construction markets in the USA as well as from the integration of PSI.

Our Transportation Technologies operations will take advantage of the strong growth of testing activities for electric and hybrid vehicles.

MID- TO LONG-TERM OUTLOOK

As with our other Products-related divisions, Commercial & Electrical benefits from long-term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, and the increasing quality and sustainability demands by developed and emerging economies globally.

Through these trends we expect long-term continuing growth from expanding investment in quality.

CASE STUDY

Intertek leads the world in Qi wireless charging testing and certification

Intertek's Center of New Technology and Knowledge in Hong Kong became the world's first Wireless Power Consortium ('WPC')-authorized testing laboratory to provide testing and certification services for medium to low-power Qi (pronounced 'chee') wireless charging products.

Qi wireless charging technology is a close-range inductive-charging technology, and any Qi-compatible device can be placed on medium/low-power charging pads or docks to charge safely and easily.

Together with our global expertise and cutting-edge technological solutions in electrical and wireless testing, we are now able to help our customers get their wireless charging products certified according to the highly recognised Qi standard.

CASE STUDY

Intertek launches Portable Emissions Measurement System testing capability

Intertek's award-winning Transportation Technologies laboratory based in Milton Keynes, UK, responded swiftly to changes in European exhaust emissions legislation by launching a service to deliver accurate on-road vehicle exhaust emissions testing and analysis, enabling manufacturers to report 'real world' driving emissions.

Intertek was one of the first UK test laboratories to offer vehicle-mounted Portable Emissions Measurement System testing for cars and light commercial vehicles, providing real world driving analysis of vehicle tailpipe emissions on public roads rather than in a laboratory.

Our European Centre of Excellence for high-end automotive powertrain testing and engineering services, which was recognised across Europe as the 'Engine Test Facility of the Year' in the 2015 Automotive Testing Technology Awards, has also invested in low carbon vehicle, high performance electric machine and hybrid testing cells to enable our automotive customers to reach their goals on air quality emissions and CO_2 reduction.

Strategic report – Operating review
Chemicals & Pharmaceuticals

The Chemicals & Pharmaceuticals division had good growth and benefited from restructuring carried out within Europe.

KEY BUSINESS LINES

Chemicals & Pharmaceuticals

SERVICES & CUSTOMERS

Serving a wide range of industries, including chemicals and refined products, pharmaceutical, healthcare and beauty, and automotive and aerospace, the division offers advanced laboratory measurement and expert consultancy related technical support services and sustainability solutions. It has an established track record of success in laboratory outsourcing with many large, internationally recognised companies. The division's world leading technical experts also support internal technical development. Our customers include leading brands and suppliers of products and R&D to the pharma industries, makers of healthcare and beauty products, and a wide range of industrial and consumer-facing corporations who use our expertise to help them develop the materials and chemicals of the future.

STRATEGY

Chemicals & Pharmaceuticals supports our customers as they develop new products, materials and technologies, as they anticipate and meet their end-customers quality demands and as they anticipate and meet new regulations.

£183.8m
Revenue

£22.3m
Adjusted Operating Profit

Financial highlights 2015

	2015 £m	2014 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**183.8**	173.1	6.2%	5.5%	5.5%
Adjusted operating profit	**22.3**	18.6	19.9%	18.0%	
Adjusted operating margin	**12.1%**	10.7%	140bps	130bps	

OUR PERFORMANCE IN 2015

Total revenue was £183.8m, up 5.5% at constant exchange rates. At actual rates total revenue was up 6.2%.

Total adjusted operating profit was £22.3m, up 18.0% at constant exchange rates with an 130bps increase in margin on the prior year, primarily due to restructuring activities and strong performance in lubricants testing. Total adjusted operating profit at actual rates increased by 19.9%.

Our Chemicals & Pharmaceuticals division delivered strong organic growth of 5.5% with improved margin.

We continue to benefit from good growth in the health and beauty sector as our customers invest in the development and global roll out of innovations to differentiate their brands.

The increase in demand in emerging markets for better health and beauty products is creating strong growth opportunities for our testing and assurance services.

Our Health, Environmental and Regulatory business saw strong growth in assurance activities as companies prepare for the next EU REACH chemical restriction regulatory deadline.

In September we opened a world class immunochemistry laboratory in Manchester. The new facility will help our pharmaceutical clients to navigate the many technical challenges associated with bringing biological medicine to the market.

2016 OUTLOOK

In 2016 we expect our Chemicals & Pharmaceuticals business to deliver good organic growth.

We will continue to leverage a good pipeline of new pharma products in both the USA and in the UK.

We will support our existing and new customers based on the breadth and depth of our assurance solutions as they increase their focus on the management of regulatory risk.

MID- TO LONG-TERM OUTLOOK

Chemicals & Pharmaceuticals benefits from long-term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, and the increasing quality and sustainability demands by developed and emerging economies globally.

Through these trends we expect long-term continuing growth from expanding investment in quality.

CASE STUDY

Intertek helps research into more effective inhaled medicines

Intertek worked with academics from King's College London and The University of Parma, Italy, to investigate how effective formulations can be tailored for different inhalation devices. The study highlighted that the medicine formulation must be co-optimised with the device during product development.

Conducting research such as this enables our experts to help global clients to develop more effective therapies for asthma, Cystic Fibrosis, Chronic Obstructive Pulmonary disease and other serious conditions. For over 20 years, we have built a reputation for providing outstanding and responsive customer service for challenging pharmaceutical development which includes specialist expertise for inhaled drug delivery analysis, stability and formulation support.

CASE STUDY

Janssen PMP partners with Intertek to explore SANAFOR®, a novel antimicrobial technology for plastics

When Janssen PMP wanted to explore a new antimicrobial ingredient for plastics they turned to Intertek for its unique capabilities in testing novel plastic materials.

Our polymer scientists studied how easy it was to include this new ingredient into plastic materials at our polymer processing facility in the Netherlands. We then produced test samples, using film extrusion and injection moulding, and carried out a suite of physical tests.

Our teams were able to show that it was straightforward to include the antimicrobial SANAFOR® into plastics and to demonstrate suitable performance for a wide range of potential applications.

Strategic report – Operating review
Commodities

The Commodities division has grown revenue and margin in its Cargo business line, being partially offset by the weaker conditions in the Minerals business.

KEY BUSINESS LINES

Cargo & Analytical Assessment
Minerals
Government & Trade Services

SERVICES & CUSTOMERS

Provides independent cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum, mining, minerals and biofuels industries. The division also provides services to governments and regulatory bodies to support trade activities that help the flow of goods across borders. Our customers are global and national commodities retailers, traders and storage companies, and government-ministry clients in the Middle East, Africa and South America.

STRATEGY

In Commodities, we deliver solutions that help our clients protect the value of their downstream hydrocarbon products during their custody-transfer, storage and transportation around the world. Our expertise, service innovations and advanced analytical capabilities allow us to optimise the return on our customers' cargoes and help them resolve difficult technical challenges. In the mining sector we partner with clients along the supply chain to validate the quality and value of their resources being explored, produced and shipped. Our independent product assessments provide peace-of-mind to our government clients that the quality of products imported into the country meet their standards and import processes.

£554.8m
Revenue

£79.1m
Adjusted Operating Profit

Financial highlights 2015

	2015 £m	2014 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**554.8**	542.4	2.3%	3.7%	3.8%
Adjusted operating profit	**79.1**	65.5	20.8%	21.7%	
Adjusted operating margin	**14.3%**	12.1%	220bps	220bps	

OUR PERFORMANCE IN 2015

Total revenue was £554.8m, up 3.7% at constant exchange rates, primarily due to growth in the Cargo and Analytical Assessment business. At actual exchange rates total revenue was 2.3% higher.

Total adjusted operating profit at constant rates was £79.1m, up 21.7% versus prior year, with a 220 basis point increase in margin supported by restructuring activities. Total adjusted operating profit was up 20.8% at actual rates.

Our Commodities division delivered good organic growth performance of 3.8% in 2015 with margin improvement driven by good organic growth performance in both our Cargo/AA activities and our Government & Trade Services ('GTS') businesses.

Cargo/AA has delivered a consistent performance during the year benefiting from increased Inspection and Testing activities as our existing clients grew their cargo volumes and as we gained new clients. The business also benefited from the expansion of our additive and lubricants testing capabilities.

We have also invested in new facilities to support the LNG growth of our customers in Gladstone, Australia, and Papua New Guinea.

Our GTS business delivered strong organic growth performance in H1 benefiting from export volume growth with existing clients and from new contracts.

This was partially offset by lower organic growth performance in the second half of the year as we saw a reduction of trade volume in both the Middle East and Africa.

Our Mineral business delivered a resilient organic growth performance for the full year with a slight positive organic growth performance in the second half of the year.

Providing our customers with bespoke trade inspections and testing solutions is important to increase our customer retention and win new contracts.

2016 OUTLOOK

In 2016 we expect our Commodities business to deliver a good organic growth performance.

Our Cargo/AA operations will benefit from the expansion of the new facilities in 2015 and will leverage the increased volume of Cargo shipments for refined products.

Our GTS activities will focus on increasing the scope of our export Testing and Inspection in the Middle East and Africa with existing clients.

MID- TO LONG-TERM OUTLOOK

The long-term end-demand for resources and energy, development and trading of commodities as well as new fuel sources will continue to drive growth in this division through the cycle.

CASE STUDY

Intertek supports Liquefied Natural Gas projects in Australia

Intertek supported the shipment and custody transfer of the first cargo from the GLNG project, an AU$25 billion venture located on Curtis Island in Queensland, Australia. The Gladstone-based project converts gas from coal seams to Liquefied Natural Gas (LNG) for export from Australia.

In October the first cargo left Australia for South Korea. Intertek undertook a ship survey for the AU$40 million cargo by managing independent witness quality and quantity testing of the product at discharge and loading. Intertek also undertook continuous product sampling to international standards.

Earlier in the year at Australia's largest onshore oil field at Barrow Island, Western Australia, we supported the inaugural import of Mono Ethylene Glycol (MEG) at Chevron's LNG plant. As part of an engagement with Ixom, we undertook extensive sampling, surveying, testing and dissolved oxygen-monitoring initiatives to support the first of three MEG imports, a first for the AU$60 billion Gorgon LNG project.

We continue to invest in and develop our cargo testing network services in anticipation of future customer requirements and as a result, we opened new laboratories in Gladstone and Papua New Guinea to support the LNG growth in the region.

CASE STUDY

Intertek becomes official fuel quality testing partner for the FIM

Already an official global partner of the FIM (International Motorcycling Federation), Intertek became the exclusive fuel quality testing services provider for FIM race events including Superbike, Motocross, Supercross, and Endurance including 24h Le Mans.

Intertek fuel quality experts and mobile testing labs provide testing services on-site at race tracks performing real-time, on-track, fuel compliance testing. We are also providing additional expertise to ensure that teams comply with the FIM fuel regulations.

As part of the partnership, we will assist FIM with fuel approval process support, as well as updating FIM management on changes to fuel regulations and developing quality and testing standards.

Strategic report – Operating review
Industry & Assurance

The Industry & Assurance division with good growth in Food, Agriculture and Business Assurance has been impacted by the decision to exit low value contracts and lower levels of capital expenditure by the oil and gas industry.

KEY BUSINESS LINES

Industry Services
Business Assurance
Food & Agriculture Services

SERVICES & CUSTOMERS

Using in-depth knowledge of the oil, gas, nuclear, power, renewable energy, construction, food, chemical and agricultural industries, the division provides a diverse range of services to help customers optimise their assets and meet global quality standards for their products. Our services provide clients with independent verification of the integrity of new assets being constructed, and existing assets being maintained, with key services that include technical inspection, asset integrity management, analytical testing, and consulting and training services. The division also provides quality and safety services to the Food and Agri sectors, certification services, second-party supplier auditing, sustainability data verification and process performance analysis. Our customers include the owners, operators and developers of new and existing industrial infrastructure, global food and hospitality brands and their suppliers, and the world's agricultural trading companies and growers.

STRATEGY

We help our customers to manage risk and optimise the returns of their infrastructure assets across a wide range of industrial sectors. By partnering with Intertek, our customers gain peace-of-mind that their projects will proceed and their assets will operate with a lower risk of technical failure or delay.

£611.7m
Revenue

£45.4m
Adjusted Operating Profit

Financial highlights 2015

	2015 £m	2014 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**611.7**	642.9	(4.9%)	(3.0%)	(5.8%)
Adjusted operating profit	**45.4**	64.5	(29.6%)	(27.8%)	
Adjusted operating margin	**7.4%**	10.0%	(260bps)	(260bps)	

OUR PERFORMANCE IN 2015

Total revenue was £611.7m, down 3.0% at constant exchange rates. This was primarily due to the continued low oil price reducing capital project work in the year. At actual exchange rates revenue was 4.9% lower.

Total adjusted operating profit at constant rates was 27.8% lower at £45.4m with a 260 basis point reduction in margin. At actual rates adjusted operating profit was 29.6% lower. The reduction in underlying margin is due to the revenue decline in our Industry Services business.

Our Industry and Assurance division delivered, as expected, a mixed performance in 2015 with a decline of 5.8% in organic revenue.

The double-digit organic growth performance we delivered in the Food & Agriculture and Business Assurance businesses was more than offset by the continuing challenging trading conditions in Industry Services and by the planned contract exits.

Our Food & Agriculture businesses are benefiting from increased focus on food safety requirements, and also from our clients' expansion of their supply chains in newer markets like Turkey and Brazil.

The increased focus of corporations to manage the intrinsic risks of more complex supply chains is an attractive source of growth for our Business Assurance businesses.

The revenues in Industry Services were lower than last year as we saw a reduction in volume and increased price pressure in the Capex Inspection activities, as well as a delay in the maintenance of refineries by our main customers. In addition we exited, as planned, low-value contracts, which represented a full year revenue loss of £25m.

As a result of the continuing challenging trading conditions in the global oil and gas industry, we recorded a non-cash impairment charge of £577m against Industry Services in the year.

2016 OUTLOOK

In 2016 we expect to deliver strong organic growth performance in Food, Agriculture and Business Assurance.

Our Agriculture business will benefit from the strong growth momentum with our existing clients in fast growing markets. Our Food business will focus on the integration of the FIT acquisition capitalising on the growth of the Food service sector.

Our Business Assurance business will focus on the integration of the DIC acquisition and the growth in Supplier Audit management.

In 2016 we expect the trading conditions in Industry Services to remain challenging as we have not yet reached the trough in the oil and gas Capex activities given the lag between changes in the oil price and the Capex investments of our clients. Our Industry Services operations will focus on cost and capacity management in our Capex Inspection businesses while continuing to diversify our activities in non-Oil Capex Inspection and NDT Opex activities.

MID- TO LONG-TERM OUTLOOK

We expect oil and gas infrastructure markets to recover and that the long-term growth in Industry Services will be driven by global population and energy consumption growth, and capex and opex spending to support world economic growth.

Growing consumer demand for quality products and brands in developed and developing economies, increasing regulations, and public food scandals, will continue to drive growth in the Food & Agriculture and Business Assurance markets.

CASE STUDY

Intertek helps drive down road traffic accidents

According to the World Health Organization, injuries related to road traffic accidents are the eighth leading cause of death globally. An estimated 1.4 million people die of traffic-related injuries each year and approximately 20-50 million are seriously injured.

In order to help our customers reduce their own road traffic risks, we became accredited in 2015 to certify to ISO 39001, the international standard for Road Traffic Safety Management Systems.

ISO 39001 helps organisations implement road safety management systems to improve traffic safety and reduce the number of persons killed or severely injured in road traffic incidents.

The addition of ISO 39001 accreditation complements our range of risk management solutions including Business Continuity Management (ISO 22301), Asset Management (ISO 55001), to which Intertek became accredited in 2015, and Supplier Management Assessments which help organisations mitigate risk, reduce environmental impact and minimise operating costs.

CASE STUDY

Intertek helps safeguard new Queensferry Crossing

Intertek is providing corrosion monitoring equipment and software that will be used to safeguard the new Queensferry Crossing. When opened in 2016, the bridge will cross the Firth of Forth in Scotland, allowing vehicles, pedestrians and cyclists to pass between Edinburgh and Fife.

Structural health monitoring system supplier Strainstall will provide a complete health monitoring system for the new 2.7-km cable-stayed bridge. Intertek's corrosion data monitoring Concerto units will form a key part of the system, providing details of the integrity of the concrete within the structure. Overall, 120 units will be installed which will relay information between one another and send data to a central hub. This information will be used by engineers to assess when maintenance is required on the bridge.

CASE STUDY

Intertek provides technical services for 1,850km gas pipeline

Intertek was awarded a contract by Trans Anatolian Natural Gas Pipeline (TANAP) to provide services that will allow the pipeline to operate safely as well as help minimise flow and contamination risks to the gas running through it.

This natural gas pipeline, due to be completed in 2018, will run from Azerbaijan through Turkey to Europe and is expected to carry 16 billion cubic metres of gas a year.

Through a combination of technical inspection, quality assurance and pipe testing services, Intertek will ensure the quality and integrity of the line pipe, verifying material, dimensions, welding, coating and other parameters to meet the client's specifications as well as industry standards and requirements.

Financial highlights 2015

+3.5% +3.2%
Revenue up to £2,166m

+5.9% +4.0%
Adjusted operating profit up to £343m

+6.5% +4.7%
Adjusted diluted EPS

+6.5%
Dividend per share

£231m
Acquisitions

£112m
Organic investment spend

+27%
Free cash flow

£577m
Industry Services impairment

■ Actual ■ Constant rates

"This year we have strengthened the Group's overall financial position through good growth, improved profitability across the business, value-enhancing acquisitions and focused operational efficiency initiatives driving strong cash conversion. We also took the important step of recording an impairment charge against the Industry Services business."

EDWARD LEIGH
Chief Financial Officer

Good revenue performance across the Products- and Trade-related divisions was partially offset by the continued downturn in Industry Services. Focus on cost efficiencies delivered good margin accretion for the Group.

CONSOLIDATED INCOME STATEMENT COMMENTARY

Revenue for the year was £2,166.3m, up 3.5% (up 3.2% at constant exchange rates), with organic revenue growth of 1.6% at constant exchange rates.

The Group's adjusted operating profit was £343.4m, up 5.9% on the prior year (up 4.0% at constant exchange rates). The adjusted operating margin was 15.9% compared with 15.5% in the prior year.

The Consumer Goods division has continued to grow well with strong growth in Softlines.

The Commercial & Electrical division has grown revenue well with good growth particularly within Transportation Technologies.

The Commodities and Chemicals & Pharmaceuticals divisions both delivered good growth and strong margin accretion as a result of restructuring projects and operating leverage.

The Industry & Assurance division delivered strong growth in the Food & Agriculture and Business Assurance businesses. The Industry Services business continued to be impacted by the reduction in energy capital expenditure by major customers, resulting in an impairment being recorded of £577.3m.

The impairment is included in Separately Disclosed Items of £626.9m (2014: £47.8m) and resulted in the Group's total operating loss for the year of £283.5m (2014: profit £276.6m).

NET FINANCING COSTS

The Group had an adjusted net financing cost of £24.2m (2014: £24.2m) in the year. This comprised £1.0m (2014: £1.8m) of finance income and £25.2m (2014: £26.0m) of finance expense. The total interest charge included £nil (2014: £0.2m) related to Separately Disclosed Items.

TAX

The Group effective tax rate on adjusted profit before income tax was 24.3% (2014: 24.0%). The statutory tax charge, including the impact of SDIs, of £39.3m (2014: £61.8m), equates to an effective rate of (12.8)% (2014: 24.5%) and the cash tax on adjusted results is 22.2% (2014: 22.5%). The statutory tax charge, excluding the impact of SDIs, is £77.5m (2014: £72.0m).

The OECD's 'Base Erosion and Profit Shifting (BEPS)' project is one of the most significant multilateral initiatives for modifying international tax rules. In October 2015, the OECD released its final proposals outlining recommendations in respect of each of the action points coming out of this project.

As these recommendations are introduced into local tax legislation, we will need to manage the Group's exposure to income tax across a large number of fiscal regimes. The Group's goal is to efficiently manage its tax affairs, whilst fulfilling its responsibilities to the countries in which it operates.

EARNINGS PER SHARE

The Group delivered adjusted diluted earnings per share ('EPS') of 140.7p (2014: 132.1p). Diluted EPS after SDIs was (224.2)p (2014: 108.8p) per share, and basic EPS was (224.2)p (2014: 109.5p).

DIVIDEND

The Board recommends a full year dividend of 52.3p per share, an increase of 6.5%. This recommendation reflects the Group's significant growth prospects, strong financial position and the Board's confidence in the Group's structural growth drivers into the future.

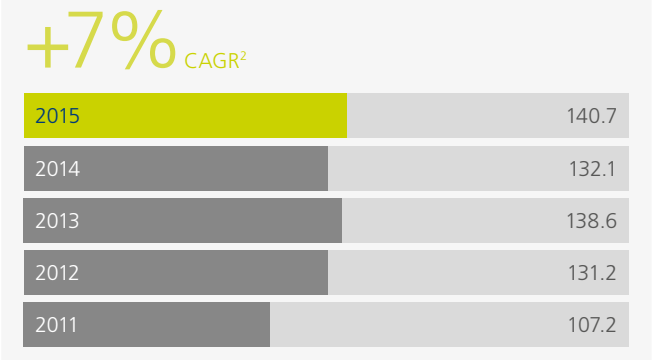
The full year dividend of 52.3p represents a total cost of £84.4m or 37% of adjusted profit attributable to shareholders of the Group for 2015 (2014: £78.9m and 37%). The dividend is covered 2.7 times by earnings (2014: 2.7 times), based on adjusted diluted earnings per share divided by dividend per share.

Results for the year

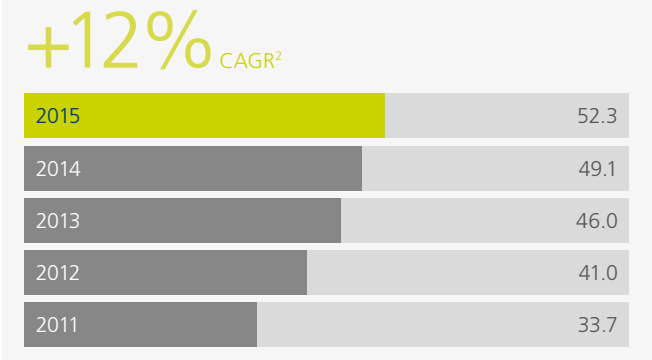
Key financials	2015 £m	2014 £m
Revenue	**2,166.3**	2,093.3
Adjusted Group operating profit	**343.4**	324.4
Adjusted diluted EPS	**140.7p**	132.1p
Statutory Group operating (loss)/profit	**(283.5)**	276.6
Statutory diluted EPS	**(224.2)p**	108.8p
Adjusted cash flow from operations	**465.7**	403.7
Dividend per share	**52.3p**	49.1p
Dividends paid in the year	**80.7**	75.5

Five year performance

Adjusted diluted EPS[1] (pence)



Dividend per share[3] (pence)



1. Presentation of results: To provide readers with a clear and consistent presentation of the underlying operating performance of the Group's business, the figures discussed in this review are presented before Separately Disclosed Items (see note 3 of the financial statements). A reconciliation between Adjusted operating profit and Profit for the year is set out in note 2 to the financial statements.
2. CAGR represents the compound annual growth rate from 2011 to 2015.
3. Dividend per share for 2015 is based on the interim dividend paid of 17.0p (2014: 16.0p) plus the proposed final dividend of 35.3p (2014: 33.1p).

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

		Revenue			Adjusted operating profit		
	Notes	2015 £m	Change at actual rates %	Change at constant rates %	2015 £m	Change at actual rates %	Change at constant rates %
Consumer Goods	2	**404.3**	7.7	4.4	**136.1**	9.1	4.4
Commercial & Electrical	2	**411.7**	14.5	10.5	**60.5**	18.6	13.9
Chemicals & Pharmaceuticals	2	**183.8**	6.2	5.5	**22.3**	19.9	18.0
Commodities	2	**554.8**	2.3	3.7	**79.1**	20.8	21.7
Industry & Assurance	2	**611.7**	(4.9)	(3.0)	**45.4**	(29.6)	(27.8)
		2,166.3	3.5	3.2	**343.4**	5.9	4.0
Net financing costs	14				**(24.2)**	–	
Adjusted profit before income tax					**319.2**	6.3	4.4
Income tax expense	6				**(77.5)**	7.6	
Adjusted profit for the year					**241.7**	5.9	4.0
Adjusted diluted EPS	7				**140.7p**	6.5	4.7

SEPARATELY DISCLOSED ITEMS ('SDIs')

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

When applicable, these SDIs include amortisation of acquisition intangibles, impairment of goodwill and other assets, the profit or loss on disposals of businesses or other significant fixed assets, costs of acquiring and integrating acquisitions, the cost of any fundamental restructuring of a business, material claims and settlements, significant recycling of amounts from equity to the income statement and unrealised market gains/losses on financial assets/liabilities.

In 2015, an impairment charge against goodwill of £481.4m (2014: £nil), against other intangible assets of £60.3m (2014: £nil) and against property, plant & equipment of £35.6m (2014: £nil), in total £577.3m, has been incurred in relation to our Industry Services business. The oil and gas sector in which this CGU operates has experienced a significant downturn with a material reduction in capital and operating expenditure by its main customers. Further details are given in Note 9 to the financial statements.

Other intangible assets were also reviewed for impairment, which included a strategic review of IT and the systems landscape for potential obsolescence. As a result, an impairment of £12.1m of IT assets related to computer software has been recorded in the year.

The SDIs charge for 2015 also comprised amortisation of acquisition intangibles £21.4m (2014: £20.8m); acquisition costs relating to successful, active or aborted acquisitions £5.8m (2014: £3.5m); a further £6.7m (2014: £23.5m) in relation to restructuring businesses and making redundancies; and material claims and settlements £3.6m (2014: £nil).

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

KEY PERFORMANCE INDICATORS

The Group uses a variety of key performance indicators ('KPIs') to monitor the financial performance of the Group and operating divisions. These metrics are disclosed on page 21.

The rate of return on invested capital ('ROIC') measures the efficiency of Group investments. This is a key measure to assess the efficiency of investment decisions and is also an important criterion in the decision-making process when projects are competing for limited funds.

Proforma 2015 ROIC of 16.9% as stated on page 21 excludes the impact of the PSI acquisition on 23 November 2015 and excludes the impairment of assets recorded as at 31 December 2015 to provide a meaningful comparative.

ACQUISITIONS AND INVESTMENT

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

Acquisitions

The Group completed four acquisitions in the year with a purchase price of £231.3m, net of cash acquired of £5.9m.

In February 2015, the Group acquired Adelaide Inspection Services Pty Ltd ('AIS') for £6.5m (£6.3m net of cash acquired), an Australian-based business providing non-destructive testing and associated services to the power generation, construction, oil, gas and mining industries.

In September 2015, the Group acquired Dansk Institut for Certificering A/S ('DIC'), a company that provides business assurance services to a wide range of industries including Hospitality, Transport and Food.

In October 2015, the Group acquired MT Group LLC and Materials Testing Lab, Inc, (together 'MT'), a leading provider of materials testing and inspection services to the building industry.

In November 2015, the Group completed the acquisition of PSI for a purchase price of £220.0m (£215.4m net of cash acquired). PSI is a provider of industry-leading testing and assurance services to the commercial and civil construction markets and non-destructive testing for onshore pipelines in the USA.

These acquisitions provide valuable additional service lines and new geographic locations for the Group, and will help drive profitable revenue growth. The more significant acquisition, PSI, enables Intertek Building Products to offer a nationwide testing and assurance service portfolio across the whole project and building lifecycle, including geotechnical services, materials testing, and property and environmental assurance services. It will also expand our existing US Industry Services NDT business with a complementary regional footprint and enable us to offer a wider portfolio of services in this area.

Organic investment

The Group also invested £112.2m (2014: £109.5m) organically on lab expansions, new technologies and equipment and other facilities. This investment represented 5.2% of revenue (2014: 5.2%) which was in line with prior year.

CASH FLOW AND NET DEBT

Cash flow

The Group relies on a combination of debt and internal cash resources to fund its investment plans. One of the key metrics for measuring the ability of the business to generate cash is cash flow from operations. Due to the cash payments associated with the SDIs, and to provide a complete picture of the underlying performance of the Group, adjusted cash flow from operations is shown below to illustrate the cash generated by the Group:

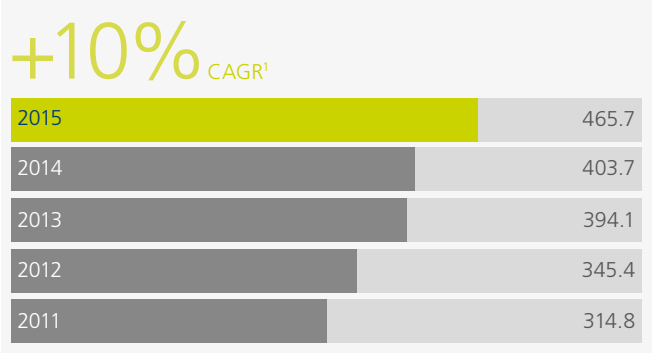
	2015 £m	2014 £m	Change %
Cash flow from operations	**442.3**	386.8	14.3%
Add back: cash flow relating to SDIs	**23.4**	16.9	
Adjusted cash flow from operations	**465.7**	403.7	15.4%
Add back: special contributions to pension schemes	**2.8**	0.9	
Cash flow for cash conversion	**468.5**	404.6	15.8%
Cash conversion %	**136.4%**	124.7%	

The components of free cash flow are summarised below:

Free cash flow	**2015 £m**	2014 £m
Adjusted operating profit	**343.4**	324.4
Add back: depreciation and amortisation	**85.2**	76.3
Movement in working capital and provisions	**26.8**	(4.1)
Net capital expenditure	**(110.9)**	(108.5)
Other*	**(109.3)**	(103.3)
Free cash flow	**235.2**	184.8

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

Five year trend – adjusted cash flow from operations (£m)



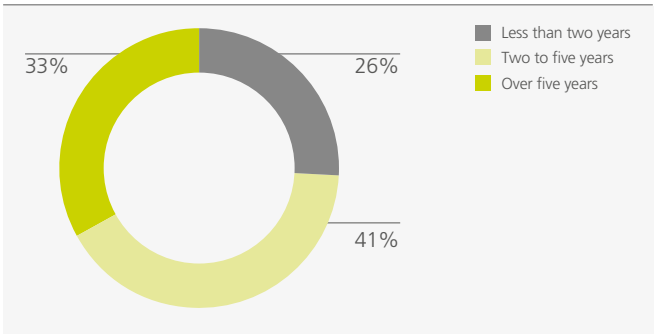
1. CAGR represents the compound annual growth rate from 2011 to 2015.

Net debt

Net debt has increased from £633.5m at 31 December 2014 to £775.4m at 31 December 2015 principally as a result of drawdowns on existing facilities to fund the PSI acquisition as explained above.

In the year, the Group drew on facilities it had in place at 31 December 2014, as well as a further US$60m made available by the extension of an existing bilateral term loan facility. In addition, US$100m of Senior Notes were repaid in the year. The Group has a well-balanced loan portfolio with a maturity profile as shown below, to enable the funding of future growth opportunities.

Borrowings by maturity profile



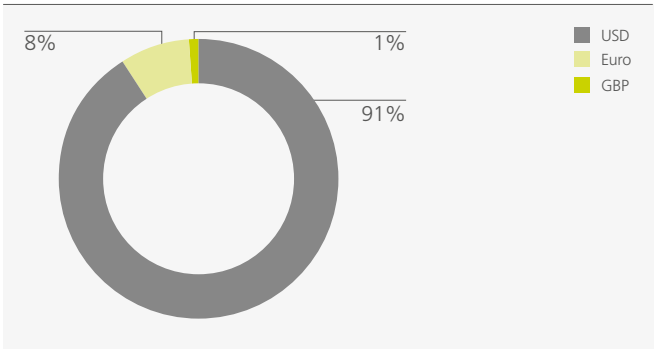
Under existing facilities the Group has available debt headroom of £286m at 31 December 2015. The components of net debt at 31 December 2015 are outlined below:

	1 January 2015 £m	**Cash flow £m**	**Exchange adjustments £m**	**31 December 2015 £m**
Cash	119.5	8.0	(11.5)	**116.0**
Borrowings	(753.0)	(106.4)	(32.0)	**(891.4)**
Total net debt	(633.5)	(98.4)	(43.5)	**(775.4)**

To ensure the Group is not exposed to income statement volatility in relation to foreign currency translation on its debt, the Group ensures that any foreign currency borrowings are matched to the value of its overseas assets in that currency (an 'effective' hedge).

The Group borrows primarily in US dollars and any currency translation exposures on the borrowings are offset by the currency translation on the US dollar and US dollar-related overseas assets of the Group. The composition of the Group's gross borrowings in 2015, analysed by currency is as follows:

Borrowings by currency



FOREIGN CURRENCY MOVEMENTS

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

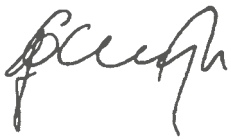
At constant exchange rates, revenue grew 3.2% (actual exchange rates 3.5%) and adjusted operating profit grew 4.0% (actual exchange rates 5.9%).

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

	Statement of financial position rates		Income statement rates	
Value of £1	**2015**	2014	**2015**	2014
US dollar	**1.48**	1.55	**1.53**	1.65
Euro	**1.36**	1.28	**1.38**	1.24
Chinese renminbi	**9.61**	9.65	**9.62**	10.15
Hong Kong dollar	**11.48**	12.04	**11.87**	12.80
Australian dollar	**2.03**	1.91	**2.04**	1.83

SIGNIFICANT ACCOUNTING POLICIES

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



EDWARD LEIGH
Chief Financial Officer

Principal risks and uncertainties

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

RISK FRAMEWORK

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework which is described in the Directors' Report on pages 52 to 62 and 78 to 82.

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

Risks are formally identified and recorded in a risk register for the significant countries and for each business line and support function. The risk register is updated at least twice each year and is used to plan the Group's internal audit and risk strategy. In addition to the risk register, all senior executives and their direct reports are required to complete an annual return to confirm that management controls have been effectively applied during the year. The return covers Sales, Operations, IT, Finance and People.

The Risk Control and Assurance Committee ('RCA'), comprising senior Intertek executives, complements the work of the Audit & Risk Committee. The RCA oversees the development of the internal control framework, reviews the risk matrices and risk management procedures, monitors issues and provides guidance to management. The RCA makes recommendations to the Intertek Executive Management Team and develops the Group's integrated responses to changes in the regulatory environment.

PRINCIPAL RISKS

The Group is affected by a number of risk factors, some of which, including macroeconomic and industry specific cyclical risks, are outside the Group's control. Some risks are particular to Intertek's operations. The principal risks of which the Group is aware are detailed on the following pages including a commentary on how the Group mitigates these risks. These risks and uncertainties do not appear in any particular order of potential materiality or probability of occurrence.

There may be other risks that are currently unknown or regarded as immaterial which could turn out to be material. Any of these risks could have the potential to impact the performance of the Group, its assets, liquidity, capital resources and its reputation.

LONG-TERM VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a five-year period to 31 December 2020, by carrying out a robust assessment of the Group's current position and the potential impact of the principal risks and uncertainties, including those that would threaten the Group's business model, future performance, solvency or liquidity.

The Directors have determined that a five-year period is an appropriate period over which to provide the viability statement of the Group, as the Group's strategic review covers a five-year period.

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

The Group has a broad customer base across its multiple business lines and in its different geographic regions, and is supported by a robust Balance Sheet and strong operational cash flows. The Board considers that the diverse nature of business lines and geographies in which the Group operates significantly mitigates the impact that any of these scenarios might have on the Group's viability.

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2020.

Operational

PRINCIPAL RISK	CONTEXT	POSSIBLE IMPACT
REPUTATION	Reputation is key to the Group maintaining and growing its business. Ethical breaches and poor quality service, either within Intertek's own operations, its supply chain, or by its sub-contractors, could damage its reputation. A failure to manage any subsequent crisis through a lack of reactive procedures could also exacerbate the potential damage.	• Failure to meet financial performance expectations. • Exposure to material legal claims, associated costs and wasted management time. • Share price may fall. • Loss of existing or new business. • Loss of key staff.
ACCREDITATION	The Group relies on being awarded and retaining appropriate accreditations and affiliations around the world in order to provide its certification services. Illegal use of Intertek marks by others abuses the accreditation process and risks negative perceptions of Intertek.	• Inability to deliver certain services. • Inability to operate in certain territories. • Loss of business in the relevant industry/country causing damage to the Group's reputation.
PEOPLE RETENTION	The Group operates in specialised sectors and needs to attract and retain employees with relevant experience and knowledge in order to take advantage of all growth opportunities.	• Poor management succession. • Lack of continuity. • Failure to optimise growth. • Impact on quality, reputation and customer confidence. • Loss of talent to competitors and lost market share.
OPERATIONAL HEALTH AND SAFETY	Any health and safety incident arising from our activities. This could result in injury to Intertek's employees, sub-contractors, customers and/or any other stakeholders affected.	• Individual or multiple injuries to employees and others. • Litigation or legal/regulatory enforcement action (including prosecution) leading to reputational damage. • Loss of accreditation. • Erosion of customer confidence.

MITIGATION	2015 UPDATE
• Quality Management Systems; adherence to these is regularly audited and reviewed by external parties, including accreditation bodies. • Risk Management Framework and associated controls and assurance processes, including contractual review and liability caps where appropriate. • Code of Ethics which is communicated to all staff, who undergo regular training. • Whistle-blowing programme, monitored by the Audit & Risk Committee, where staff are encouraged to report, without risk, any fraudulent or other activity likely to adversely affect the reputation of the Group. • Zero-tolerance policy with regard to any inappropriate behaviour by any individual employed by the Group, or acting on the Group's behalf. • Media comments with regard to Group activities are centrally reviewed so that senior management can, where necessary, take appropriate action on a timely basis. • Relationship management and communication with external stakeholders.	• This risk remains stable compared to 2014. • The Group continues to robustly defend claims where they are without merit, as well as investing in staff development, quality systems and standard processes to prevent operational failures.
• Quality assurance procedures and controls embedded in the operations to ensure that the Group holds and maintains the necessary accreditations and that the required operational standards are applied. • Accreditor relationship management – Operations are regularly subjected to audit and review by external parties including accreditation bodies, governments, trade affiliations, retailers, manufacturers and clients. • Accreditation is usually held at an industry, country or site level and loss of accreditation will not mean loss of accreditation across the Group.	• This risk remains stable compared to 2014. • The Group regularly refines its quality assurance procedures. • While illegal use of Intertek marks is a growing problem, the Group continues to work with Regulatory and Government bodies to identify and take swift action where false marks are identified.
• HR strategy policies and systems. • Development and reward programme to retain and motivate employees. • Succession planning to ensure effective continuation of leadership and expertise. • Employee surveys. • Intertek Executive Academy to develop the next generation of global leadership.	• This risk remains stable compared to 2014. • 71 senior managers have been through the Intertek Executive Academy since 2012.
• Quality management and associated controls, including safety training, appropriate PPE (Personal Protective Equipment), Health & Safety policies, meetings and communication. • Avoiding fatalities, accidents and hazardous situations is paramount. It is expected that Intertek employees will operate to the highest standards of health and safety at all times and there are controls in place to reduce incidents.	• This risk remains stable compared to 2014. • There were zero work-related fatalities in the year, compared to one in 2014.

Operational

PRINCIPAL RISK	CONTEXT	POSSIBLE IMPACT
BUSINESS CONTINUITY AND CORPORATE SOCIAL RESPONSIBILITY ('CSR')	Continuity: a major incident impacting business continuity in terms of damage to premises and IT systems (potential causes being natural disasters, significant accidents and incidents, major staff illness, etc.). Environment: an adverse impact on the environment due to inadequate sample storage/disposal, and/or inappropriate use of materials dangerous to the environment. Leases: Failure to secure the renewal of a critical lease, or having to agree unfavourable renewal terms.	• Potential injury to our people, loss of premises permanently or property damage for an extended period. • Increased environmental impact, increased costs, lack of compliance with law, regulation or the requirements of certification bodies and/or customers. • Damage to reputation and impact on customer confidence and share price.
INDUSTRY AND COMPETITIVE LANDSCAPE	A failure to identify, manage and take advantage of emerging and future risks. Examples include the opportunities provided by new markets and customers, a failure to innovate in terms of service offering and delivery, the challenge of radically new and different business models, and the failure to foresee the impact of, or adequately respond to and comply with, changing or new laws and regulations.	• Failure to maximise revenue opportunities. • Failure to take advantage of new opportunities. • Lack of ability to respond flexibly. • Erosion of market share. • Impact on share price. • Sanctions and fines for non-compliance with new laws, etc.
MACRO-ECONOMIC RISK	Macro-economic factors such as a global/market downturn and contraction/changing requirements in certain sectors. Further influenced by related risks such as potential acquisition failure or the effect on liquidity of the inability to renew bank funding or secure additional funding.	• A sustained downturn in the economic cycle can result in a lower return on invested capital, as revenue and margin levels come under pressure. • Falling market share. • Shrinking customer base. • Impact on share price.
CYBER AND DATA SECURITY, IT SYSTEMS INTEGRITY	Major IT systems integrity issue, or data security breach, either due to internal or external factors such as deliberate interference or power shortages / cuts etc.	• Loss of revenue due to down time. • Potential loss of sensitive data with associated legal implications. • Potential costs of IT systems replacement and repair. • Loss of customer confidence. • Damage to reputation.

MITIGATION	2015 UPDATE
• Business Continuity Plans ('BCPs') and Disaster Recovery Plans ('DRPs') in place. • Health & Safety policies, Environmental policy and Sample Storage policy implemented. • Regular review of leases and pipeline.	• This risk remains stable compared to 2014. • No BCPs or DRPs have had to be put in place in 2015, and therefore there has been no downtime in operational activity, except for where tests of BCPs or DRPs have been conducted.
• Ongoing development of Global Key Accounts ('GKA') management. • Diversification of customer base. • Focus on new services and acquisitions. • Tracking new laws and regulations. • Regular strategic and business line reviews.	• This risk remains stable compared to 2014. • The Group's results have been impacted by the lower levels of capital expenditure in the energy sector, driven by lower oil prices, but more than offset by the diverse nature of the Group and its ability to grow revenue and manage the cost base.
• The Group has a diversified service offering to a wide range of industries and geographies. This reduces the risk of a downturn in any one sector or region having a material impact on the long-term viability of the Group. Where a downturn does occur, the Group seeks to reduce, where possible, the cost base whilst retaining its core capability to take advantage of the cyclical upturn when it comes.	• This represents an increasing risk compared to 2014. • Commodity prices and particularly oil have reduced in the year. • Group revenue and margin have improved despite GDP growth in China and some emerging markets starting to slow from previous high levels. • These impacts have been materially mitigated by strong cost control and restructuring activities.
• Information systems policy and governance structure. • Regular system maintenance. • Backup systems in place. • Disaster recovery plans that are constantly tested and improved to minimise the impact if a failure does occur. • Global Information Security policies in place. • Internal and external audit testing.	• This risk represents an increasing risk compared to 2014. • Review of data security performed including data storage, retention policy, access controls and encryption.

Legal and Regulatory

PRINCIPAL RISK	CONTEXT	POSSIBLE IMPACT
LITIGATION	Claims resulting from mistakes in Intertek's work resulting in disputes with clients and/or other relevant third parties. Closely linked to the risk of engaging in contracts with non-standard, unfavourable or onerous terms, e.g. high or non-existent liability caps; liability for consequential losses or third party losses; poorly-defined scope of work etc.	• Financial impact (fines by regulators, suspension of accreditation, compensation). • Financial impact from defending and settling claims. • Impact of fines. • Potential impact on insurance premiums. • Loss of customer confidence. • Damage to reputation. Impact on share price. • Reduction in profitability if contract scope creeps or costs escalate and prices remain fixed. • Potential for disproportionate or unquantifiable liabilities if something goes wrong and caps are absent or inadequate.
BUSINESS ETHICS	Non-compliance with Intertek's Code of Ethics (Code) and/or related laws such as anti-bribery, anti-money laundering, and fair competition legislation. Non-compliance could be either accidental or deliberate, and committed either by our people or sub-contractors.	• Litigation, including significant fines and debarment from certain territories/activities. • Reputational damage. • Loss of accreditation. • Erosion of customer confidence. • Impact on share price.

Financial

FINANCIAL RISK	Risk of theft, fraud or financial misstatement by employees. Other risks such as impact of FX movements on operating margins on cross currency contracts.	• Financial losses with a direct impact on the bottom line. • Large scale losses can affect financial results. • Potential legal proceedings leading to costs and management time. • Corresponding loss of value and reputation could result in funding being withdrawn or provided at higher interest rates. • Possible adverse publicity.

MITIGATION	2015 UPDATE
• Effective Quality Management Systems and assurance procedures and controls, including contractual review and liability caps where appropriate. • Claims management policy and process in place. • All significant incidents that could potentially result in a claim against the Group are immediately reported to compliance officers and logged in an incident database so that they can be properly managed. The Group General Counsel reports any significant claims to the Audit & Risk Committee. External legal counsel is appointed where appropriate. • Insurance liaison – seeking contractual protection from loss or insurance cover for loss where possible.	• This risk remains stable compared to 2014. • Additional compliance personnel have been employed in the year to increase the bandwidth available to manage contract reviews and assist the wider legal framework. • Ongoing training and education in respect of contractual liabilities being assumed. • Review of approval limits for liability caps.
• Annual Code of Ethics training and sign-off requirement. • Whistle-blowing programme, monitored by the Audit & Risk Committee, where staff are encouraged to report, without risk, any fraudulent or other activity likely to adversely affect the reputation of the Group. • Zero-tolerance policy with regard to any inappropriate behaviour by any individual employed by the Group, or acting on the Group's behalf. • The Group employs local people in each country who are aware of local legal and regulatory requirements. There are also extensive internal compliance and audit systems to facilitate compliance. Expert advice is taken in areas where regulations are uncertain. • The Group continues to dedicate resources to ensure compliance with the UK Bribery Act and all other anti-bribery legislation, and internal policy.	• This risk remains stable compared to 2014. • Ongoing annual confirmations ensure that staff verify compliance with the Code of Ethics. • Internal Audit samples that contractors have signed the Group's Code. • During 2015, 249 (2014: 256) HR and non-compliance issues were reported through the whistleblowing hotline and other routes. All were investigated with 51 (2014: 31) substantiated and corrective action taken.
• The Group has financial, management and systems controls in place to ensure that the Group's assets are protected from major financial risks. • Treasury policy, management system and framework in place. • Monthly monitoring of FX variances and remedial actions. • A detailed system of financial reporting is in place to ensure that monthly financial results are thoroughly reviewed. The Group also operates a rigorous programme of internal audits and management reviews. Independent external auditors review the Group's half year results and audit the Group's annual financial statements.	• This risk remains stable compared to 2014. • Internal audit carried out 64 reviews in 2015 (81 in 2014). • '*Doing Business the Right Way*' established as core principle within Intertek. • Review and roll out of 53 core mandatory controls for year-end compliance certification.

IN THIS SECTION

"Our employees are helping companies around the world to develop products that are used safely by millions of people every day."

ANDRE LACROIX
Chief Executive Officer

Intertek has a rich heritage upon which a successful organisation has been built, with a reputation for having strong ethical values and behaviours. Doing business the right way is at the very heart of who we are and what we stand for.

I am delighted that in 2015 Intertek joined the Sustainable Apparel Coalition ('SAC') to support the Higg Index and help improve supply chain sustainability across the global apparel and footwear industries. Intertek also became a certified assessor of the Business Environmental Performance Initiative ('BEPI') to support brands and retailers aiming to improve supply chain environmental performance. More about these can be read on page 47.

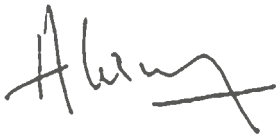
Our talented people are passionate about their work and provide assurance to clients across the world in almost every market.

Making sure that our culture recognises our people for their contribution and creates opportunities for personal growth is very important to me and we regularly review our personal development and recognition programmes. Our employees are also encouraged to email me directly with their views through our internal communications channels.

The health and safety of all those who conduct work for, or on behalf of, Intertek and those who visit our premises is of course our priority. And, while we have reported an increase in lost time and medical treatment injuries overall for 2015, this is largely due to improvements in our global reporting processes (more details on page 50).

This report describes Intertek's sustainability performance for 2015 and highlights some of the work we are doing to help our customers manage their operations and produce products and services in a sustainable and ethical manner.

We remain committed to reducing our own ecological footprint and will continue to drive environmental initiatives throughout our operations.



ANDRE LACROIX
Chief Executive Officer

Our business

Intertek is the trusted quality partner of many of the world's leading brands and companies. We help our clients to ensure the quality and safety of their products, assets and processes to protect their brands and gain competitive advantage.

We enable our clients to improve their performance, gain efficiencies in manufacturing and logistics, overcome market constraints and reduce risk. Our services span almost every industry, from textiles, toys and electronics, to building, heating, pharmaceuticals, petroleum, food, and cargo inspection. Through our services, we help our clients to improve the social, ethical, safety and environmental impact of their services, supply chains and products that are used by millions of people around the world.

SUSTAINABLE COALITIONS

Intertek has joined the SAC and will use their sustainability measurement tool, the Higg Index, to drive environmental responsibility. Membership to SAC means that Intertek joins more than 160 global brands, retailers and manufacturers, as well as government, non-profit environmental organisations and academic institutions that are collectively committed to improving supply chain sustainability in the apparel and footwear industries.

Intertek will contribute both data and resources to support the Higg Index, which gauges environmental sustainability and drives supply chain decision-making to improve efficiency and sustainability impacts. The Higg Index is an open source, indicator-based tool that allows suppliers, manufacturers, brands and retailers to evaluate materials, products, facilities and processes based on environmental and product design choices.

In 2015, Intertek was approved as an assessor by the Business Environmental Performance Initiative. Under the BEPI, Intertek certifies that an organisation's standards and principles show commitment to improving environmental impact, while reducing business risks and costs associated with enhanced environmental processes. Intertek's onsite environmental assessments are conducted for brands and retailers aiming to improve supply chain environmental performance as a result of applying more efficient processes and best in class environmental systems at the production level.

BEPI is a voluntary environmental initiative by the Foreign Trade Association ('FTA'), which focuses on trade policy and global supply chain compliance to an existing social compliance programme, Business Social Compliance Initiative, which has been in place for 12 years. The FTA has more than 1,000 members including retailers, importers and brands committed to improving supply chain corporate social responsibility performance.

RESPONDING TO DEVELOPMENTS IN VEHICLE EMISSIONS LEGISLATION

Intertek has been swift to respond to recent changes in pan-European regulations for light duty vehicle exhaust emissions. The legislation mandates for manufacturers to report exhaust emissions and fuel consumption figures from real-world driving in a variety of road and traffic conditions. This legislative change comes in part as a response to public disquiet about the disparity between officially published laboratory test data and real world figures on fuel consumption and exhaust emissions.

Intertek can now offer real world driving analysis of vehicle tailpipe emissions using its new Portable Emissions Measurement System. This new equipment is vehicle mounted, thereby allowing manufacturers to report real world driving emissions on public roads rather than in a laboratory on a wide variety of cars and light commercial vehicles, see page 27.

INNOVATING AND SUPPORTING RENEWABLE ENERGY DEVELOPMENT

During 2015, Intertek partnered with the Center for the Evaluation of Clean Energy Technology to offer a first in the renewable energy industry in North America – a mobile platform for testing photovoltaic ('PV') modules. This mobile testing laboratory complements Intertek's wide range of quality assurance services for solar products and installations at fixed laboratory locations. The Mobile PV Test center can quickly verify PV product quality and efficacy in the field to identify and find solutions for underperforming modules.

STEWARDSHIP AND GOVERNANCE

Intertek's Board of Directors oversees and has the responsibility for setting the Group's strategy and performance and risk management (see pages 52 to 62 and 78 to 82). The Board acknowledges the importance of diversity in the boardroom as a key component of good governance. As at 31 December 2015, the Board's composition was 30% female and 70% male and for the senior leadership group (339 people at the end of 2015), 22% female and 78% male. To read more about our Board Diversity, see page 84.

Sustainability and CSR are integrated into Intertek through policy distribution. Our operations and support functions are responsible for identifying and evaluating risks applicable to their areas of the business and the design and operation of suitable internal controls (see 'Principal Risks and Uncertainties' on pages 39 to 45). The Board has overall accountability for Intertek's sustainability and CSR, and the Group-wide strategy and implementation are the responsibility of the Senior Vice President of ATIC Customer Service and Operational Excellence.

Our people

Intertek is a people business, and it is important that our 41,400 people working globally for customers are engaged in what we do and continue to add value in their roles. To achieve this it is important to consider how we give people opportunities, how we integrate people into our mission and values, engaging and inspiring our people to deliver our mission and live our lives across our global business in a way that our stakeholders expect.

ENGAGING AND RETAINING TALENTED PEOPLE

Our aim is to engage and retain the best available people who share the mission and values of Intertek. Prospective employees are sourced through a variety of channels, depending on the location and role, in compliance with local regulations for fair recruitment practices and equal opportunities. Jobs at Intertek are posted via our website (www.intertek.com/careers), recruitment agencies, social media, print advertisements, professional bodies and associations, and schools, colleges and universities. Where possible, we fill vacancies from within the Company first, in order to offer people career growth and progress within the Group. Intertek is an Equal Opportunities Employer and all qualified applicants are considered for employment regardless of gender, race, religion or national origin.

AN EMPLOYER OF CHOICE

In China, where Intertek employs around 9,600 people, the business has been recognised for the eighth time consecutively as one of the top 100 companies in human resource management in 2015. This year, our Employee Care Plan was recognised as one of the best, together with 11 other world-renowned companies. Hosted by 51job.com, the award recognises the HR practices which have made a significant contribution to the employee experience and their personal development.

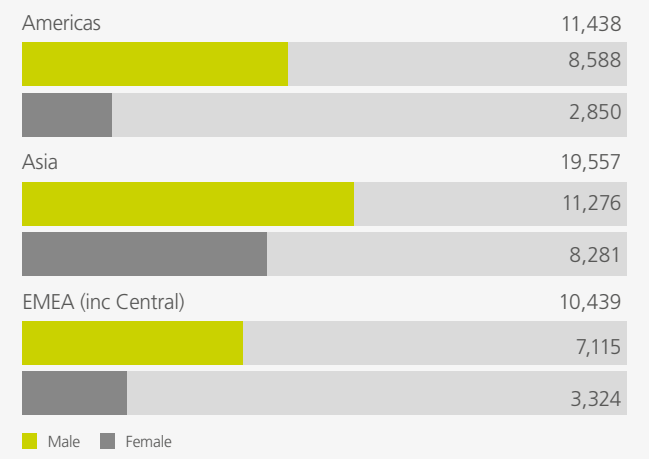
INVESTING IN OUR PEOPLE

Our goal is to hire, engage and retain the best people and provide potential leaders of Intertek with the skills sets needed to grow our business. We want our people to grow by learning new skills to help them advance their careers and deliver the best possible service to our customers. Our talent mapping process is critical to the future success of our organisation to meet business strategy and growth needs.

During the year, nearly 100 Intertek managers have participated in our UK Management Development Programme. The 10-month course developed people's competencies, seeking to bring improvements to customer service and higher confidence levels. Going forward into 2016, 60 more Intertek people will take part in the programme.

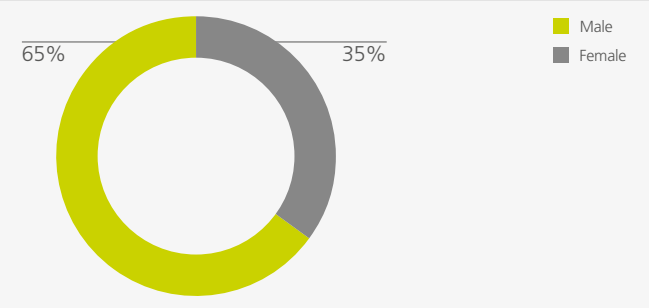
Intertek continued its scholarship programme in the USA to support the development of students in science, technology, engineering and maths ('STEM') related education to the amount of $50,000 each year.

Female:Male by region



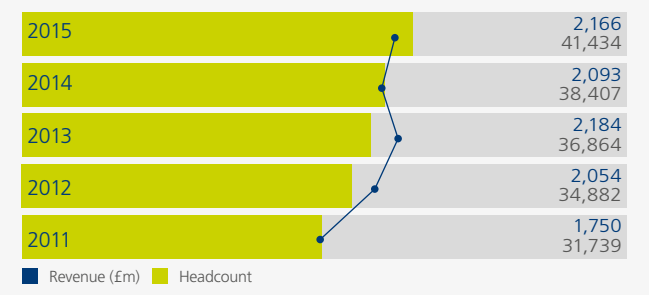
Intertek's gender diversity reflects the industries and qualification profiles typical of individuals working in the countries and business lines in which we operate.

Intertek total workforce by gender



At 31 December 2015 Intertek employed 41,434 people, an increase of 7.9% over the previous year.

Revenue and headcount



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

INCLUSION AND DIVERSITY

We apply all employment policies and practices, including recruitment, promotion, reward, working conditions and performance management related policies, in a way that is informed, fair and objective. As such, our inclusion and diversity policy acts to eliminate discrimination so that our employees are treated fairly and feel respected and included in our workplaces. We are committed to maintaining high standards of fairness, respect and safety and adhere to the principles of the UN Convention on Human Rights and the International Labour Organization's core conventions.

PROFESSIONAL CONDUCT

Intertek strives to help customers meet quality standards. This work takes place in many markets in the world and protects them against risk by ensuring compliance with local, national and international laws. The validity and accuracy of reports and certificates that we provide to our customers and maintaining the trust and confidence of our customers, their customers and others impacted by our work, are therefore of utmost importance to us.

All those working for or on behalf of Intertek are required to sign our Code of Ethics upon joining the Company or before commencing work on our behalf, confirming acceptance of the high standards expected of them in all business dealings. The Code sets expectations that employees act with integrity and in an open, honest, ethical and socially responsible manner. Intertek employees or people acting on Intertek's behalf are responsible for applying the Intertek Code of Ethics in their own job role, their part of the business and location. To support their continual understanding, they are required to complete our Code of Ethics training course annually.

Intertek is committed to maintaining a culture where issues of integrity and professional ethics can be raised and discussed openly and has a strict policy of zero-tolerance regarding breaches of compliance policy. We have a well-publicised hotline for all employees, contractors and others representing Intertek, to enable confidential reporting of suspected misconduct or breaches of the Code.

During 2015 there were 51 reports of non-compliance which were substantiated claims requiring remedial action. Reports of non-compliance are closely monitored and the Audit & Risk Committee reviews the outcomes of the hotline and compliance reports on behalf of the Board.

HEALTH & SAFETY

The health, safety and welfare of our people, clients and third parties connected with the business, are very important. Our aim is to achieve zero lost time accidents and Intertek is committed to the continuous review and improvement of its health and safety performance. All employees are given training on health and safety matters, including emergency response procedures and intervention and reporting of accidents, incidents and near misses, during on boarding. Where relevant, all employees and contractors are provided with personal protection equipment when performing work for the Company.

Lines of communication for health and safety matters exist at every Intertek location globally. This includes a dedicated fire warden, first-aider and health and safety representative. These representatives enable us to not only investigate incidents and implement preventive and corrective actions but also disseminate safety information through toolbox talks and continual improvement programmes to target areas of concern.

During 2015, we improved the process for reporting and managing incidents through the development and implementation of a global online incident reporting tool. Access to the tool has now been improved to enable employees to report via the intranet or mobile devices.

As a result, Intertek has achieved an increase in near-miss reporting enabling us to proactively manage health and safety. During 2015, there was an 11.9% increase in the rate of lost time injuries and medical treatment injuries due to increased reporting across Intertek. Also, zero occupational fatalities were recorded.

	2015	2014	2013
Occupational fatalities	**0**	1	2
Lost time injuries rate*	**0.18**	0.25	0.34
Medical treatment injuries rate*	**0.48**	0.34	0.36

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

In January 2015, our Asset Integrity Management ('AIM') In-Service Inspection group surpassed four million work hours without a lost-time accident or injury.

In addition, on 9 April 2015 the AIM group reached the one million hour mark since the last recordable injury.

Our environment

We aim to minimise the impact of our operations on the environment through reducing energy consumption in our buildings and facilities, utilising renewable sources of energy, implementing 'green' waste management practices, minimising business travel, carbon offsetting and operating quality management systems. To support this effort, our environmental and climate change policy is implemented through country management to ensure compliance with local guidelines and regulations.

For 2015, Intertek's electricity consumption was reported to be 235,873 MWh (5.69 MWh per employee) and gas consumption was reported to be 83,172 MWh (2.00 MWh per employee).

In 2013, Intertek developed its Greenhouse Gas ('GHG') emissions accounting to include all Intertek operations worldwide. Since then, the focus has been on increasing the quality of information captured and seeking out how the better data collected can add value to the business. The levels of GHG emissions have been calculated using the guidelines of the GHG protocol and DEFRA and relate to the reporting period from 1 October 2014 to 30 September 2015.

CO_2e[1] emissions from activities for which Intertek is responsible include:

		GHG Emissions (tonnes of CO_2e)[1]
Scope 1	the combustion of fuel	52,145
	operation of facilities	11,583
Scope 2	purchase of electricity, heat or steam	137,024
Outside of scope		714
Total emissions		**201,466**

Intensity ratios		
2015	**CO_2e per employee**	**4.86**
2014	CO_2e per employee	5.29
2013	CO_2e per employee	5.75

1. CO_2e – Carbon dioxide equivalent.

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

In relation to Intertek's Scope 3 emissions (indirect GHG emissions from sources not owned or directly controlled by Intertek but which relate to the business' activities), there are a number of programmes in place which focus on waste management, water management and business travel. These programmes seek to reduce GHG emissions in our supply chain.

BETTER INFORMATION

Better data collection has permitted the identification of opportunities within Intertek sites to increase internal efficiencies. A good example of this approach is the collection of granular electricity data in our biggest spending and biggest user of electricity, our US business. This has permitted more accurate GHG emissions reporting and the more cost-effective procurement of electricity.

Our Transportation Technologies business has implemented several electricity-producing dynamometers in its Milton Keynes facility in the UK. In 2015, the energy savings have been significant resulting in a reduction of 74 tonnes of CO_2e. Going forward, this facility expects to self-generate a significant amount of its total electricity demand resulting in further CO_2e reductions and significant operating cost reductions.

As the process for accounting for GHG emissions matures more accurate data will support a targeted approach of allocating carbon budgets, absolute emissions reduction targets and/or intensity ratio reduction/improvement targets to sites to further implement Intertek's commitment to tackling climate change.

STANDARDS

Many Intertek sites have environmental management systems which are certified to ISO 14001. Environmental management systems support the continuous improvement of energy consumption and waste and water management, helping to reduce the impact of risk to the environment, control costs and improve environmental performance. To this end, in 2015, all of the Cargo & Analytical Assessment laboratories in the UK have achieved joint ISO 14001 and OHSAS 18001 accreditation.

As part of Intertek's environmental management system, there are strict controls in place to manage the handling, storage and disposal of harmful and hazardous substances to minimise the risk of their release into the environment. Intertek employees are fully trained in the safe handling of such substances and are provided with appropriate equipment and clothing to protect themselves and reduce the risk to the environment. A critical element of permitting continuous improvement is the reporting of all incidents which all employees are required to do.

Our communities

Our employees' cultural values and relationships within the communities in which they live and work is important to them, to our business and to our clients. Here are some examples of how our people helped their local communities during 2015.

EMEA

In the UK, Intertek's Exploration and Production business continued to inspire youngsters to embark on careers in the STEM industries through organising school careers events.

An Intertek employee led a campaign to raise awareness of, and action against, water pollution in her local community in KwaZulu-Natal, South Africa. The campaign supported an Intertek employee's personal development of working towards an environmental management degree and Intertek South Africa's social development policy.

Intertek employees in Stuttgart, Germany took time away from their desks to support their local community by attending the annual summer party of Deacon Stetten, a state-owned organisation for assisted-living and permanent care of mentally and physically disabled people.

Intertek Sweden employees together spent a total of 12 hours on exercise bikes in a relay of spinning classes to raise awareness and money for the Swedish Childhood Cancer Foundation. The event, called Spin of Hope, was run simultaneously at some 30 fitness centres across Sweden.

APAC

Intertek India organised the inauguration of 'Swachh Bharat Abhiyan Initiative', a hygiene and sanitation improvement project driving the development of the Mohan cooperative Industrial Estate in New Delhi. Only 500 metres from Intertek India headquarters, the initiative will focus on ensuring the cleanliness and upkeep of the area for the local community. The initiative, entirely funded by Intertek India to the amount of 170 Lakhs (around $250,000) invested over the next few years, will help improve the hygiene and sanitation of the area.

The unveiling of the Swachh Bharat Abhiyan Initiative, New Delhi, India.

Intertek Indonesia has extended its social responsibility programme by participating in the community's health program, 'Posyandu', in Jakarta. The programme aims for a healthier community by promoting healthy and hygienic practices and by providing basic medical and health monitoring services.

In 2015, Intertek China received the 'Responsibility Case' Award with its public welfare programme 'Yangtze River Programme'. This involved enlisting nearly 100 volunteers to carry out water quality testing the river which is 4,000 miles long. Working with media and other organisations the profile of clean rivers was raised reaching many local communities.

Volunteers on the Yangtze River Programme receiving certificates of achievement.

Intertek Bangladesh took the initiative in helping homeless people during this year's cold winter. Our volunteers helped to procure 200 blankets, 70 of which were distributed in Dhaka city areas and the rest sent to various other parts of the country such as North Bengal where the winter was particularly harsh.

AMERICAS

Intertek volunteers in the US spent a day building roof trusses for a local home, and constructing a playhouse to be raffled off in the community. Together, Intertek and its employees raised around $1,000 for Habitat for Humanity of Tompkins and Cortland Counties.

In Mexico, Intertek arranges monthly school visits to its sites each year to support students' education in STEM subjects.

The Strategic Report was approved by the Board on 1 March 2016.

By order of the Board

ANDRE LACROIX
Chief Executive Officer

Sustainability and CSR

This report contains Standard Disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

A table outlining the GRI standard and specific disclosures is provided at the end of this document on pages 142 and 143.