

# SUSTAINABILITY AND CSR

## IN THIS SECTION

### 46 Our business

How our Total Quality value proposition means we are making a positive contribution to society and the planet.

### 47 Our people

Our commitment to energising, inspiring and engaging and the well-being of our people.

### 50 Our environment

Our impacts on the environment and taking action to reduce them.

### 51 Our communities

Engaging and partnering with the local communities in which we operate.

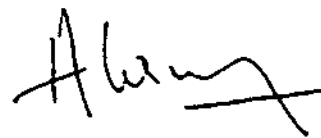
I am proud to report that following an external review in December 2016, Intertek, for the first time, became a constituent of the FTSE4GOOD Index. Inclusion within the index recognises the progress we have made in our internal and external sustainability activities, as well as in our Group reporting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

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

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

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

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



**André Lacroix**  
Chief Executive Officer

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



# SUSTAINABILITY AND CSR

## continued

### OUR BUSINESS

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

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

#### UNDERSTANDING MICROPLASTICS IN THE RIVER RHINE

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

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

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

#### SAFE HYDROGEN REFUELLING STATIONS IN THE US

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

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

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

#### WATER QUALITY COMPLIANCE AROUND THE WELSH COAST

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

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

We have been working continuously with DCWw for 15 years and have built an extensive knowledge of the physical processes of coastal waters, estuaries, river catchments and reservoirs. This work is a valuable step in extending our understanding of water quality issues and building on previous solutions in order to meet the latest regulatory targets.

## RESPONSIBLE INVESTMENT

Delivering sustainable returns is a key enabler of our 5x5 strategy for growth and incorporates Responsible Investment ('RI').

At Intertek, RI includes the evaluation of Environmental, Social & Corporate Governance ('ESG') risks as part of the investment process. ESG due diligence forms a key part of our acquisition review process as well as when assessing capital expenditure decisions on new and innovative ATIC services. We ensure that we have identified potential ESG risks, and have in place corresponding mitigation plans and remedies. Our investment process, in line with our overall Group strategy, ensures that we maintain the right balance between performance and sustainability.

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

## STEWARDSHIP AND GOVERNANCE

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

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

## OUR PEOPLE

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

### ENERGISING, INSPIRING, AND ENGAGING TALENTED PEOPLE

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

At Intertek, we are proud to be an Equal Opportunities Employer and all qualified applicants are considered for employment regardless of gender, ethnicity, religion, age, and other protected characteristics. We believe that this is an important element of attracting talented people to engage them from the beginning. We reach out to prospective employees in a variety of ways, depending on location and role, in compliance with local regulations for fair recruitment practices and equal opportunities. We post vacancies via our website ([www.intertek.com/careers](http://www.intertek.com/careers)) and employ different ways of sourcing talented people, such as recruitment agencies, social media, printed advertisements, employee referrals, professional bodies and associations, schools, colleges and universities. In order to offer people career growth and progression within the Group, where possible, we fill vacancies from within the Company first.

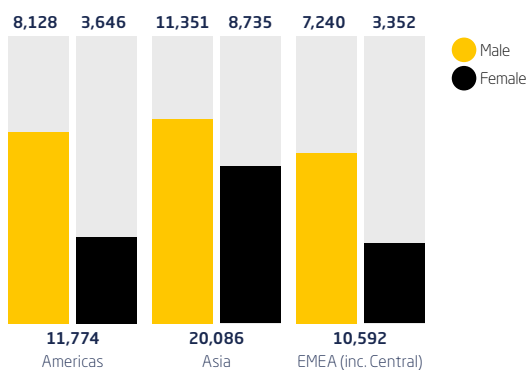
# SUSTAINABILITY AND CSR

## continued

### INCLUSION AND DIVERSITY

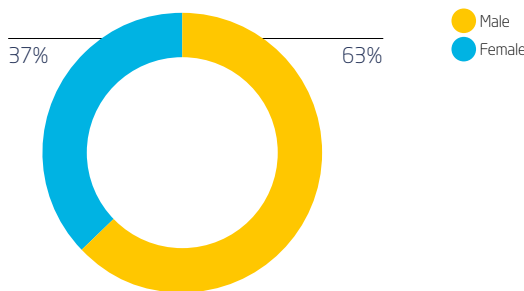
To live our values and be a global family that is inclusive and values diversity, we apply all employment policies and practices, including recruitment, promotion, reward, working conditions, and performance management related policies, in a way that is informed, fair and objective. Our inclusion and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

#### MALE:FEMALE BY REGION



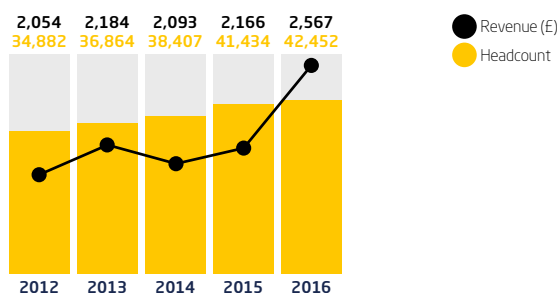
At 31 December 2016 Intertek employed 42,452 people, an increase of 2.5% over the previous year.

#### INTERTEK TOTAL WORKFORCE BY GENDER



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

#### REVENUE AND HEADCOUNT



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

### INVESTING IN THE GROWTH OF OUR PEOPLE

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

### PROFESSIONAL CONDUCT

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

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

To empower the people who work for Intertek to act, we have a well-publicised hotline for all employees, contractors and others representing Intertek, enabling them to confidentially report suspected misconduct or breaches of the Code. Our whistle-blowing hotline is run by an independent, external provider, it is multi-language and accessible to all employees 24 hours a day either by phone or by email. Those concerned are encouraged to report any non-compliance, integrity or ethical concerns using the hotline. Posters are present in all our sites.

If a report is made to the hotline, it is followed up by Intertek's Compliance officers. All reports are investigated and, where required, are escalated immediately, provided there is no conflict of interest, to the Ethics & Compliance Committee which is chaired by our Group CEO and also includes our Group Legal Counsel, SVP Global Customer Service & ATIC Operational Excellence and EVP Human Resources. This ensures effective resolution both of individual issues and any systemic or process improvements which can be made to address them.

During 2016, 163 reports of non-compliance with our Code of Ethics were made to our hotline. Of those reports, 47 were substantiated and required remedial action. Of those substantiated claims:

- there were no substantiated grievances relating to human rights, labour practices or societal impact breaches;
- there were two environmental incidents;
- there were no reported violations of the rights of indigenous people; and
- there were no cases of discrimination.

#### MODERN SLAVERY

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

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

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

#### HEALTH & SAFETY

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

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

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



From left to right: Ryan Parks, Ramzi Amawi and Nimer Al-Hafi sign the 'Speak up for Safety' pledge at the Plano, Texas town hall.

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

	2016	2015	2014
Occupational fatalities	0	0	1
Lost time injuries rate*	0.25	0.18	0.25
Medical treatment injuries rate*	0.35	0.56	0.34

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

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

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

# SUSTAINABILITY AND CSR

## continued

### OUR ENVIRONMENT

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

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

CO<sub>2</sub>e<sup>1</sup> emissions from activities for which Intertek is responsible include:

		GHG Emissions (tonnes of CO <sub>2</sub> e) <sup>1</sup>
Scope 1	the combustion of fuel	58,283
	operation of facilities	13,813
Scope 2	purchase of electricity, heat or steam	126,069
Outside of scope		679
<b>Total emissions</b>		<b>198,844</b>

Intensity ratios	CO <sub>2</sub> e per employee
2016	4.85
2015	4.86
2014	5.29

1. CO<sub>2</sub>e – Carbon dioxide equivalent.

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

### ENVIRONMENTAL MANAGEMENT SYSTEMS

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

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

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

## OUR COMMUNITIES

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

### EMEA

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

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

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

### APAC

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

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

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

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

### AMERICAS

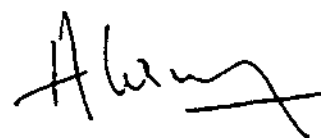
Intertek employees in Grand Rapids donated supplies to a local school to help disadvantaged children. The donations came in the form of rucksacks filled with items such as notebooks, markers, pens and folders to ensure that they started the school year with everything they needed to help them learn.

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

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

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

By order of the Board



**André Lacroix**  
Chief Executive Officer

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