



## **BOARD APPROVAL MATRIX**

### **SCHEDULE OF ACTIONS REQUIRING APPROVAL**

**Revision 9**

**(Approved by the Board of Intertek Group plc  
on 27 July 2016  
to take effect from 1 August 2016)**

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## **1. INTRODUCTION**

### **1.1 Framework**

The Board of Directors (“the Board”) of Intertek Group plc has the ultimate responsibility to the Company’s shareholders for the conduct of Intertek’s business and also establishes the Company’s policies. It is through the Board Approval Matrix that the Board establishes the limits of authority for the Chief Executive Officer (“CEO”). The Investment Committee, which comprises the CEO and Chief Financial Officer, approves the Group Authority approval matrix which outlines and delegates further the CEO authority for the conduct of the daily business within the Company. The Board also delegates certain responsibilities to the Audit, Nominations, Remuneration and Group Risk Committees as outlined in the Terms of Reference for each Committee.

The Board delegates authority to management in order to transact the ordinary business of the Company on a day to day basis but within a controlled framework to ensure the continued long term success of the Company.

### **1.2 Board Approval Matrix**

The Board Approval Matrix is the medium through which the Board and the CEO outline the approval process to be applied in the conduct of the Company’s business. It is therefore an important part of the internal control and risk management framework. The Board Approval Matrix aims to clearly set out the levels of authority required within the business for Board and CEO approval.

### **1.3 Material Changes**

Any material departure from the agreed Group strategy, budgets, business plans or the existing modus operandi of the Group will require that the item be referred to the Board for approval.

### **1.4 Guidance for seeking Board or CEO approval**

Not every possible scenario can possibly be listed in a document of this type. Therefore, discretion/common sense should be used when a situation arises which is not covered by this Board Approval Matrix. In such a case, the Group Company Secretary should be consulted for advice.

### **1.5 Process**

The levels included within this matrix apply to individual transactions and are subject to the overall commitment levels being within the approved Group budget (plus 10%) or, where expenditure flows over more than one year, within the levels of spend in the current business plan. Where cumulative spend levels (for example capital expenditure) are expected to exceed the Group’s approved budget by more than 10%, a revised budget should be proposed to the Board for approval.

The approvals covered by this Matrix relate to authority to commit the Group. Actions which are above the levels shown in this matrix are solely within the authority of the Board. Once the

appropriate approval to commit has been given by the Board, management has the delegated authority to execute and pay for that commitment on behalf of the Group. Where payments are required for commitments arising in the ordinary course of business, management has unlimited delegated authority to authorise and complete payment (e.g. payments to be made to local tax authorities for income and social security deductions, suppliers, employees etc) and where approval to commit has been given by the Board, approval to authorise payment is unlimited on management (e.g. debt facility payments, dividend payments etc).

The Board has approved a specific policy in relation to the hedging of foreign exchange risk. Where transactions are undertaken in accordance with this policy, management has delegated authority to conclude hedging transactions in accordance with the Group's policy (e.g. hedging of foreign exchange exposure on acquisitions between signing and completion).

After approval has been given, the person executing any relevant documents must also be authorised to do so by the relevant Intertek legal entity.

## **1.6 Information to the Board**

The Board will be advised of any interesting or material items which have been approved by the CEO.

## 2. MATRICES

### 2.1 Schedule of Board and CEO approval limits

	ACTION	PLC BOARD OR BOARD COMMITTEE AUTHORISATION LEVEL	CEO AUTHORISATION LEVEL
<b>FINANCIAL COMMITMENT OR INVESTMENT</b>			
	Any financial commitment or investment to be made by an Intertek company where the total cost is:		
	a. Includes capital expenditure, external debt instruments, guarantees, new companies/branches, settlement of claims/litigation/penalties.	>£10m.	<£10m.
	b. Acquisitions	>£10m	<£10m
	c. Lease and contracts <sup>1</sup> (excludes framework agreements).	>£10m per annum or > £30m in total	<£10m per annum or < £30m in total
<b>DISPOSAL OR WRITE-OFF</b>			
	Any disposal/write off of an asset, company, or branch where cost is:	>£5m.	<£5m.
<b>INTER COMPANY (INCLUDING BRANCHES) TRANSACTION</b>			
	Any transaction between Intertek Group entities:  (Includes increases in share capital and loans)	–	All
<b>LIABILITIES</b>			
	The acceptance of any liability where the total financial impact to Intertek could potentially be:  (Includes customer contracts <sup>2</sup> )	>£10m.	<£10m.

	ACTION	PLC BOARD OR BOARD COMMITTEE AUTHORISATION LEVEL	CEO AUTHORISATION LEVEL
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PENSIONS AND RETIREMENT PLANS			
	Any material changes to pension and retirement arrangements which could increase the total financial risk to Intertek by:	>£5m.	<£5m.

RECRUITMENT, CHANGE OF ROLE AND TERMINATION			
(a)	The employment, change of role or termination of any person by any Group Company.	PLC Directors and direct reports to CEO or where remuneration* is greater than £500k.	Remuneration* >£200k and all direct executive reports to Executive Committee members, all Global Business Line Leaders and all Country Managers.
(b)	Any changes to remuneration*		
(c)	Any other changes (outside (b) above) to the benefits package and contract of any person.  *Remuneration includes base salary plus maximum bonus potential		

**1. Contracts** – the total value being assessed up to any break clause or taking into account the ability to terminate the contract i.e. if the agreement can be terminated with twelve months notice then the total value is to be based on twelve months.

**2. Contracts** - if standard terms and conditions cannot be negotiated then a risk review must be carried out. For contracts, the total financial impact is the worst case foreseeable claim submitted in the risk assessment. Where a customer contract is approved all expenditure related to the delivery of the contract is also deemed approved.

**3. Exchange rate** – the exchange rate to be used to translate into GBP£ is the month end actual rate just prior to the date of the approval request, as published by Head Office.

## 2.2 Actions requiring Board or Board Committee approval only

<b>1</b>	<b>GROUP OPERATIONS</b>
<b>1.1</b>	<b>Strategy</b>
(a)	Approval of the Group's strategy.
<b>1.2</b>	<b>Budget</b>
(a)	Approval of the Group annual budget.
<b>2</b>	<b>CHARITABLE DONATIONS</b>
<b>2.1</b>	Charitable contributions >£50k per donation.
<b>3</b>	<b>CORPORATE GOVERNANCE</b>
3.1	Terms of Reference for any PLC Board Committee.
3.2	Composition of Audit, Remuneration and Nomination Committees.
3.3	Timetable for PLC Board meetings.
3.4	Annual review of the Group's system of risk management and internal controls.
3.5	Appointment of Chairman to PLC Board.
3.6	Appointment / Removal of the Company Secretary.
3.7	Appointment of alternate directors of PLC.
3.8	Composition and terms of reference of the Group Risk Committee ("GRC"), and delegation by the Board of duties to the GRC in accordance with its terms of reference.
<b>4</b>	<b>FINANCE</b>
<b>4.1</b>	<b>Accounts and policy</b>
(a)	Appointment of PLC auditor.
(b)	Approval of PLC annual and half year accounts.
(c)	Material change in accounting policy.
(d)	Alteration of accounting reference date.
<b>4.2</b>	<b>Dividends and Share Buy-backs</b>
(a)	Approval of PLC dividend policy.

(b)	Declaration of PLC final dividend (subject to shareholder approval) and interim dividend.
(c)	PLC share buy-backs and decision on subsequent cancellation or transfer to Treasury.
<b>5</b>	<b>HUMAN RESOURCES</b>
<b>5.1</b>	<b>Policy</b>
(a)	Approval of Group Remuneration Policy.
<b>5.2</b>	<b>Directors</b>
(b)	Appointment / Removal of any PLC Board Director (excludes resignations).
(c)	Remuneration and rewards of Directors of PLC.
(d)	Compensation on termination for a PLC director.
<b>5.3</b>	<b>Incentive schemes</b>
(a)	Amendment to long term incentive, share option & any employee share schemes.
<b>5.4</b>	<b>Pensions</b>
(a)	The setting up of any pension arrangements (apart from those required by local statutory requirements).
<b>6</b>	<b>INVESTOR RELATIONS</b>
6.1	The issue of any material investor related press releases by the PLC.
6.2	Approval of PLC half year or preliminary announcements and any interim management statements.
6.3	To approve the convening of and to approve the notice of, and any proxy form relating to, any general meeting of PLC.
6.4	The issue of any circular to shareholders of PLC.
<b>7</b>	<b>POWERS OF ATTORNEY</b>
7.1	The grant of powers of attorney by PLC.
<b>8</b>	<b>TAX/TREASURY</b>
8.1	Approval of tax and treasury policies.



## 2.3 Actions requiring CEO approval only

<b>1</b>	<b>BRANDING</b>
(a)	Material branding changes including logo or strap lines.
<b>2</b>	<b>CHARITABLE DONATIONS</b>
(a)	Charitable contributions <£50k per donation (maximum of £100k per annum).
<b>3</b>	<b>DIRECTORS</b>
(a)	Appointment / Removal of any subsidiary Board Director (excludes resignations).
<b>4</b>	<b>HUMAN RESOURCES</b>
(a)	Appointment/Removal of a CEO of a Group Company who is not a director (excludes resignations) and is not covered by Appendix 2.1 Recruitment, Change of Role and Termination.
<b>5</b>	<b>SHARES</b>
(a)	Transfer of shares in any Group Company or by a Group Company.
(b)	Satisfaction of all employee share awards on the relevant vesting date through the issue of new shares, shares from the Employee Share Ownership Trust or cash as determined by the jurisdiction of grant.