

The British Standards Institution

Strategic report 2014



bsi.

...making excellence a habit.™

Making **excellence** a habit.

At BSI we create excellence by driving the success of our clients through standards. We enable others to perform better, manage risk and achieve sustainable growth.

For over a century our experts have been challenging mediocrity and complacency to help embed excellence into the way people and products work. We make excellence a habit.

Strategic report

- 01 Highlights of our year
- 02 Our business
- 04 Our business model
- 05 Our strategic vision
- 10 Strategic initiatives
- 12 Chairman's statement
- 14 Chief Executive's review
- 17 Business review
 - 17 Performance by geographical region
 - 19 Performance by business stream
- 22 Principal risks and uncertainties
- 24 Standards review
- 27 Financial review
- 31 Social responsibility review
- 34 Board of Directors
- 36 Group executive
- 37 Operational executive



In this report the 'Company' refers to The British Standards Institution, a Royal Charter Company, which is the parent company for the financial statements. 'BSI', 'BSI Group' or 'Group' means the Company and its subsidiaries. The BSI logo, 'Kitemark™', the Kitemark™ device, Supply Chain Solutions™ and 'Entropy Software™' are registered trademarks of The British Standards Institution in the UK and are registered, or in the process of registration, in other jurisdictions. Throughout this report the word 'underlying' is defined as 'before exceptional items and excluding the effects of material disposals'.

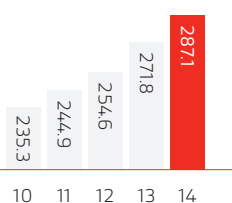
Highlights of our year

Another year of good progress for BSI.

- Record underlying revenue for the fifteenth consecutive year
- 2013 investments paying back as expected
- Strength of Sterling presented a new challenge
- Significant acquisitions announced in early 2015
- The implementation of our strategy continues as planned

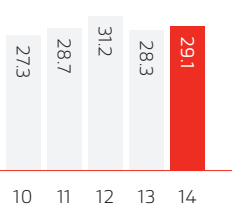
Revenue

£287.1m +6%



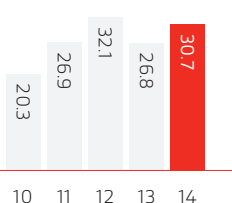
Underlying operating profit

£29.1m +3%



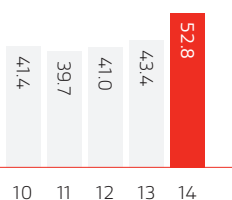
Operating profit

£30.7m +15%



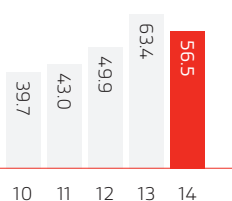
Cash

£52.8m +22%



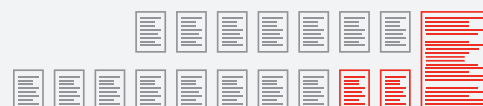
Net asset value

£56.5m -11%



2,700

standards published in 2014



105,000

people trained



80,000

clients in

172

countries across

121,000

sites



Our business

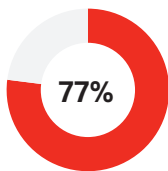
We enable others to perform better.

From creating standards to assessing best practice and training people to work more effectively, we help to embed excellence across organizations.

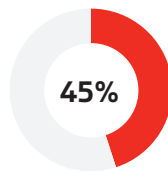
We work with businesses across the world

Our clients range from globally recognized brands to small local companies in 172 countries worldwide and across a range of domains. They trust us for our expertise, for our integrity, and because we are performance minded.

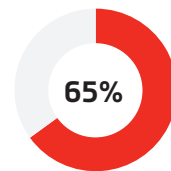
Our clients account for:



FTSE 100



Fortune 500



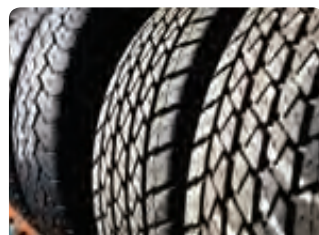
Nikkei Index

Domains

We are increasingly becoming the business improvement partner of choice, offering a unique service we know our clients can trust by developing structured solutions directly linked to the specific challenges they encounter in their industrial sector or business theme.



Aerospace



Automotive



Built environment



Financial services



Food



Healthcare



Organizational resilience



Supply chain

Our method

We provide a tailored offering, designed to align with the steps individual clients need to understand best practice, how to achieve this, and how to ensure that it remains an ongoing habit.

Shape

Together with independent experts, we tackle the issues of today and tomorrow by shaping standards of excellence across products, business processes and business potential.

Share

We share our standards and guidance documents in multiple formats for organizational efficiency.

Embed

Our tutors transfer the knowledge and skills clients need to embed standards into their organization.

Assess

Our assessors measure clients or their products against a particular standard, so they can both improve their organization and promote themselves with confidence.

Support

Post assessment we continue to support our clients with the knowledge and tools they need for continual improvement.

[Our business model](#) • Page 04



Our products and services

We provide a unique combination of complementary products and services, managed through our three business streams: Knowledge, Assurance and Compliance.

Knowledge

The core of our business centres on the knowledge that we create and impart to our clients. In the standards arena we continue to build our reputation as an expert body, bringing together experts from industry to shape standards at local, regional and international levels.

Assurance

Independent assessment of the conformity of a process or product to a particular standard ensures that our clients perform to a high level of excellence. We help our clients understand how they are performing, thereby identifying areas of improvement from within.

Compliance

To experience real, long-term benefits, our clients need to ensure ongoing compliance to a standard so that it becomes an embedded habit. We train our clients to understand standards and how to implement them, as well as provide added value and differentiated management tools to facilitate the process of ongoing compliance.

Our geographies

We impart our global expertise worldwide. BSI is an integrated global enterprise, able to serve clients from 76 offices in 28 countries across the world. We have a presence on every continent.



EMEA

Outside our global headquarters in Chiswick, London, and our EMEA headquarters in Milton Keynes, UK, we have offices in eight other European countries, three more in the Middle East and one in Africa.



Americas

Our Americas headquarters are in Herndon, near Washington DC, US, and we also have offices in Canada, Brazil and Mexico.



Asia Pacific

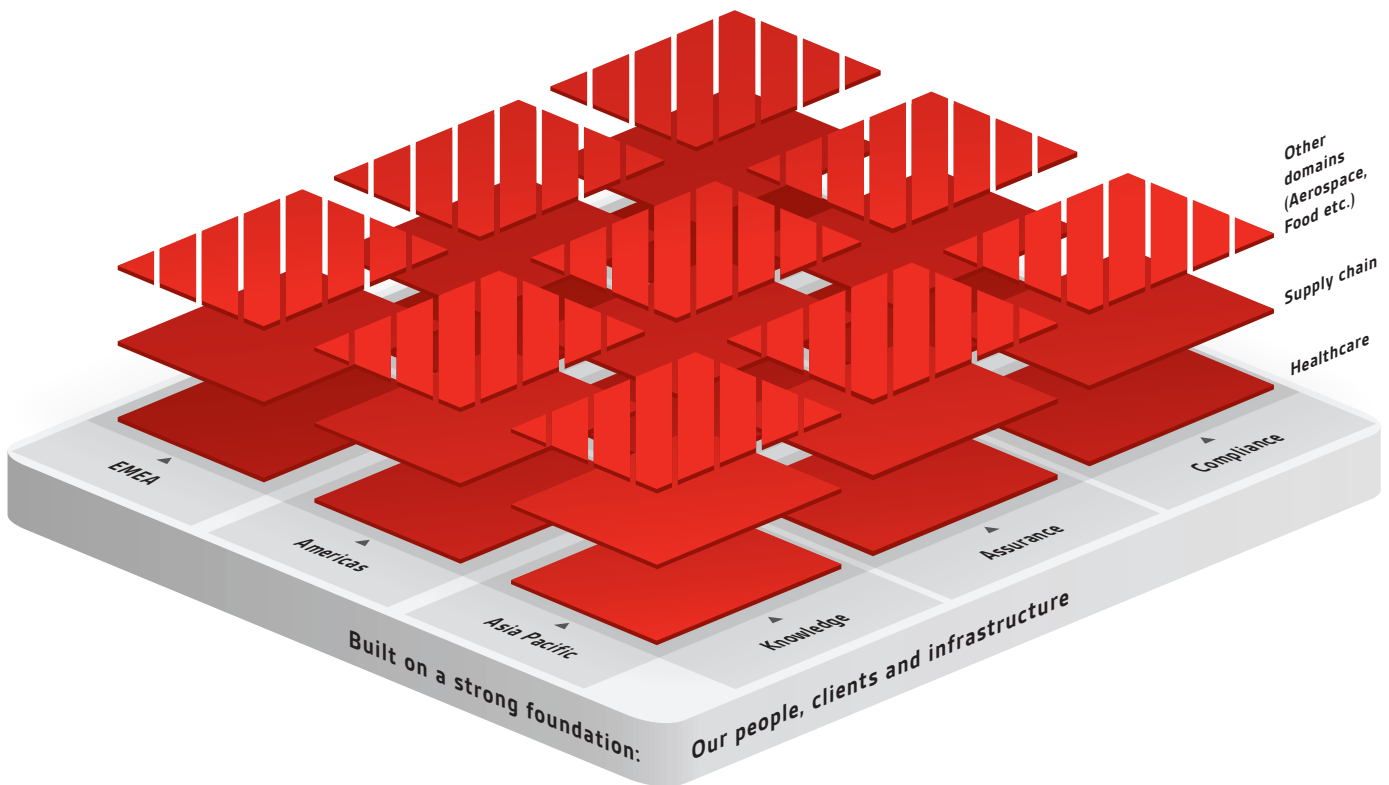
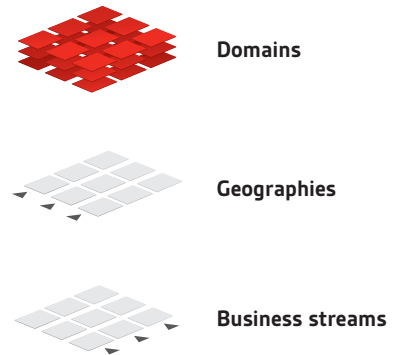
Our Asia Pacific management is based in Hong Kong and we have offices in eleven countries in the region.

Our business model

We deliver a portfolio of products and services across three geographical regions to a spectrum of domains.

Our business model is built upon a strong foundation made up of our three key assets: our people, our clients and our infrastructure.

For more than a century we have worked tirelessly to hone the offering we provide to our clients to ensure that the unique range of products and services they receive from us helps them to embed excellence in their businesses and to reap the benefits in their performance.



Built on a strong foundation

Our people

Business excellence begins with people. We have over 3,000 employees across the world who work tirelessly to ensure that our clients trust us and continue to work with us.

Our clients

Our business exists to serve diligently over 80,000 clients who range from the smallest of local companies to the largest multinational.

Our infrastructure

We have offices in 28 countries and have invested heavily in our people and our systems to ensure that the service we offer remains efficient, effective and world class.

Our strategic vision

Our strategic vision is to become the global business improvement partner of choice.

At BSI we offer our clients a unique business proposition across our network of offices and through our comprehensive business streams of Knowledge, Assurance and Compliance. We have developed a strategy that will continue to build on our strengths and to leverage this proposition as our business grows.

How will we do this?



We aim to be the **knowledge leader** providing the most relevant smart content.

[Read more](#) • Page 06



We aim to be the **most trusted authority** for approving products and processes.

[Read more](#) • Page 07



We aim to be the **leading provider** of organizational learning and development.

[Read more](#) • Page 08



We aim to be the **most innovative developer** of expertise and tools for continual improvement.

[Read more](#) • Page 09



[Strategic initiatives](#) • Page 10



As the knowledge leader...



We aim to be the **knowledge leader** providing the most relevant smart content.

For over a century BSI has been at the forefront of standards development and publication worldwide. Our portfolio extends to many thousands of current standards, a substantial source of knowledge and best practice, providing vital information to our clients. Continuing investment in a state-of-the-art information publishing platform provides our clients with a sophisticated workflow tool and business enterprise solution that permits them to work smarter.



34,000

standards in our portfolio



2,700

standards published in 2014



'Flexitanks are increasingly used for shipping non-hazardous bulk liquids in containers. Due to the large number of manufacturers globally, a detailed product specification was required. The BSI standard, published in May 2014, is an excellent first step to an international standard. For industries that require a benchmarking system to provide standardized specifications for products and services, I'd certainly recommend commissioning a BSI PAS*.'

Container Owners Association

* Publicly Available Specification. A sponsored fast-track standard driven by the needs of the client organization and developed according to guidelines set out by BSI.

As the most trusted authority...



We aim to be the **most trusted authority** for approving products and processes.

Our independent assessment of the conformity of a process or product to a particular industry standard helps our clients perform to a higher level of excellence. We carefully match our assessors' experience to their needs, while continuously training them to ensure that they remain at the leading edge of their fields. We support this with proprietary compliance software that leads clients through the process of continual improvement.



80,000

sites certified in 2014



5,000

products tested in 2014



'With our BSI certification we are now able to assure customers that we can meet their needs, reduce our impact on the environment, and manage the safety of staff, visitors and members of the public responsibly. This isn't just through the provision of our certificates – we can actually support this with real evidence through our policies and procedures.'

Grundon Waste Management Ltd

As the leading provider...

#1

We aim to be the **leading provider** of organizational learning and development.

We have a team of experienced tutors across the world who can transfer the knowledge, skills and tools our clients need to embed their standards of excellence into their business. Our trainers have decades of experience both as assessors and trainers in an array of different domains, so they completely understand the challenges being faced, and can pass on their expertise to ensure that these challenges are overcome.



105,000

people trained in 2014



400+

training courses offered globally

'Our recent experience of working closely with BSI to deliver bespoke, in-company training has been excellent. The commitment and enthusiasm shown by the BSI team to understand our business and then design the training package was commendable.'

Coca Cola Inc.



And the most innovative developer...



We aim to be the **most innovative developer** of expertise and tools for continual improvement.

We have developed Entropy Software, a proprietary management system solution for quality, environmental and health and safety management across organizations, using our knowledge and experience to ensure that this remains leading edge. We also provide supply chain intelligence and compliance-based solutions; our experts partnering with industry to provide expert supplier vetting and risk assessment.



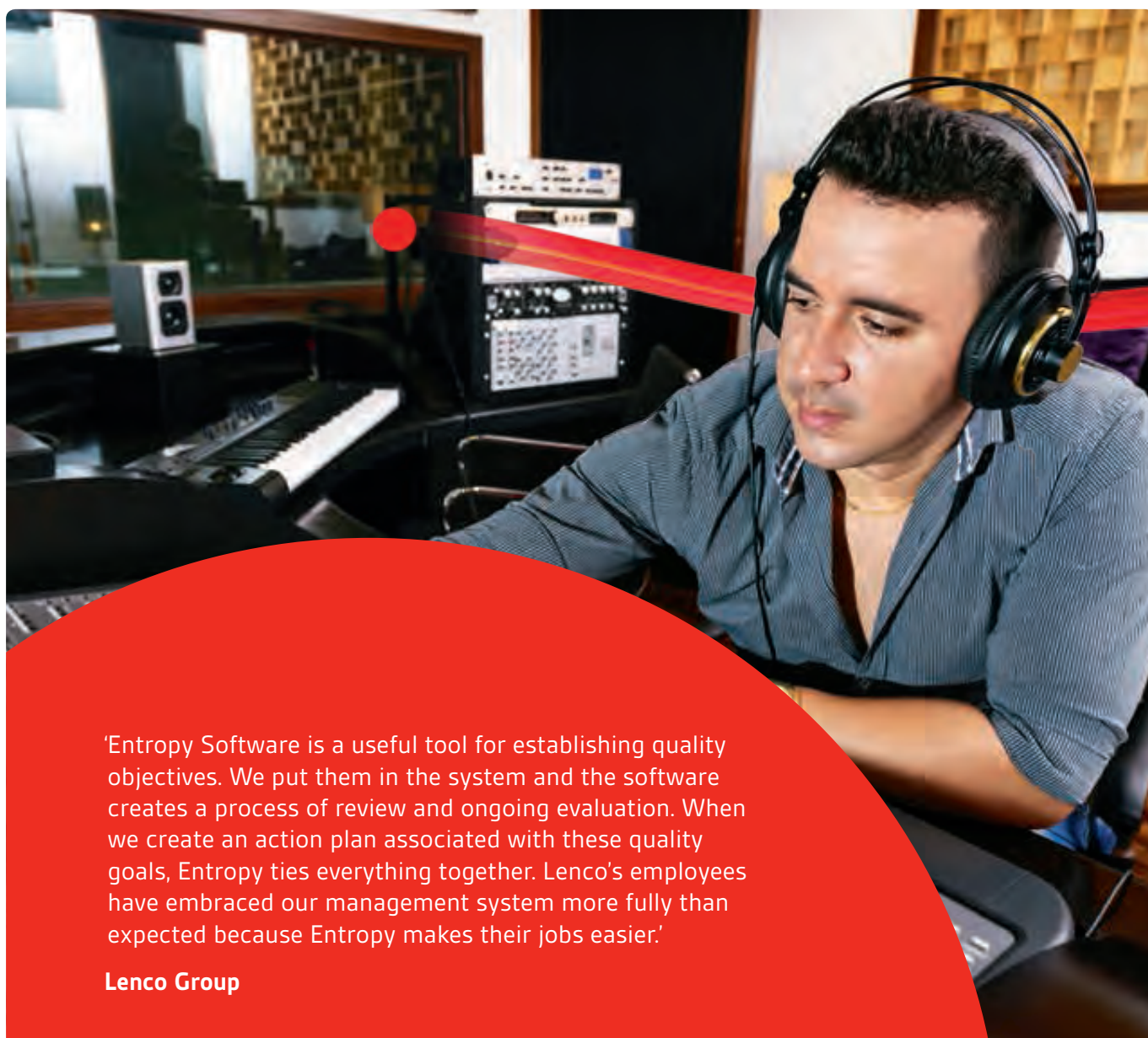
80%

Percentage of Entropy Software clients experiencing efficiency improvements and cost reductions



50%

Average management systems implementation time saved by Entropy Software clients



'Entropy Software is a useful tool for establishing quality objectives. We put them in the system and the software creates a process of review and ongoing evaluation. When we create an action plan associated with these quality goals, Entropy ties everything together. Lenco's employees have embraced our management system more fully than expected because Entropy makes their jobs easier.'

Lenco Group

Strategic initiatives

Our eight strategic initiatives.

Knowledge

1

Expand our National Standards Body services: increase UK engagement and international development capability

How will we do this?

- Improve our offering to our members so that we continue to share a mutually beneficial relationship
- Expand our NSB services by partnering with thought leaders in the UK and abroad and by redefining our standards development capabilities

Assurance

3

Build a sustainable, higher margin, Systems Certification business

How will we do this?

- Continue to invest in technology and training to ensure that we have the best and most appropriate product and service offering that meets our clients' needs
- Optimize processes, ensuring effective operations and an optimal mix between external and internal resources in each market

Compliance

5

Expand our global Training business and improve its margins

How will we do this?

- Continue to invest in our BSI Training Academy business model to drive scale and profitability in established markets and critical mass in smaller ones
- Embed commercial best practice processes and systems to deliver a best-in-class client experience with increased effectiveness and efficiency

Global

7

Achieve critical mass in all our geographical markets

How will we do this?

- Expand the product range offered in our smaller markets to give more revenue opportunities
- Continue to reorganize the structure of our smaller units into 'hub and spoke' operations where appropriate

2 Develop our Standards Publishing business into an information solutions provider

How will we do this?

- Extend our knowledge services across standards, guidance and compliance-related information to support clients at key points in their product lifecycle and supply chains
- Further invest in technology solutions to provide ever-improving 'smart' services and responsive content

4 Globalize our Product Certification offering

How will we do this?

- Concentrating on our chosen domains, invest in dedicated resources in selected BSI business units around the world
- Implement our global operating system and communications network to streamline trading between internal and external laboratories and business stream management

6 Build our new Professional Services offering

How will we do this?

- Continue to develop our Entropy Software and Supply Chain Solutions offering to ensure that these remain cutting edge
- Make selected acquisitions to augment organically developed expertise in our Consultancy business

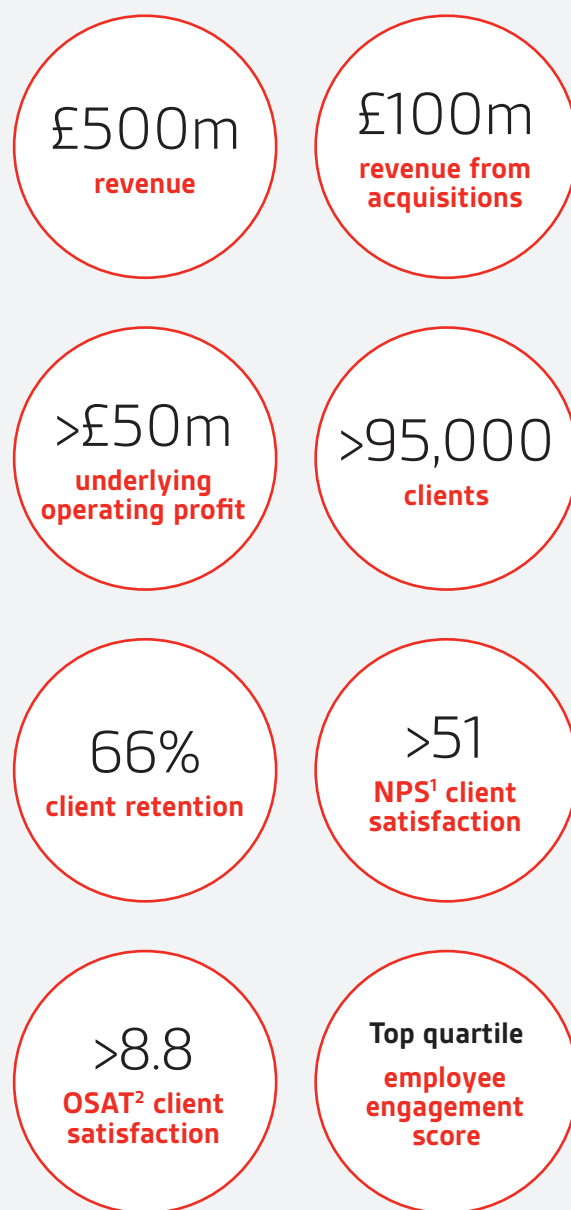
8 Develop leadership in our chosen domains

How will we do this?

- Select domains where we already have expertise across our range of products and services
- Introduce dedicated leadership to create a comprehensive product offering for each selected domain

Our strategic KPIs by 2018

Our financial objectives are to reach a turnover of £500m by 2018 balancing our global portfolio of business streams and chosen domains.



1 Net promoter score.

2 Overall satisfaction score.



'Another year of good progress for BSI.'



I am pleased to be able to report that 2014 was another year of good progress for BSI, in which we both turned in a solid financial performance and enhanced the value we deliver to our clients. After several years of challenging economic conditions in all our markets around the world, in 2014 we saw some confidence begin to return. However, the increasing strength of Sterling against our other major trading currencies worked against us, and had the effect of attenuating the rate of growth of our revenue and profit. The business responded well to this challenge and we delivered a record level of underlying revenue for the fifteenth consecutive year, growing by 6% year-on-year to £287.1m and year-on-year growth in underlying profit of 3% to £29.1m. We ended the year with 22% more cash than we began the year, at £52.8m, and subsequently have funded the two acquisitions we announced in January 2015, in the US and South Africa, without recourse to external debt.

Every year we seek to strike a careful balance between managing BSI's finances with proper near-term caution and making the planned investments required to continue to secure BSI's longer-term health. The strategic and operational investments we made during 2014 built on those we made in prior years to keep BSI at the forefront of standards-making, such that our vital role in the global standards community is as strong as ever it has been. Those investments have also deepened our domain knowledge and increased the effectiveness with which we deliver the benefits of it to our clients everywhere. In consequence, BSI's high reputation continues to be maintained and the power of its brand continues to strengthen.

The Board is conscious that such achievements were made possible by the sustained investments we have made for many successive years, and will continue to make, in BSI's richly diverse and talented global team; in the effectiveness and efficiency of our operating processes; and in the strategic initiatives necessary to ensure that we continue to meet our clients' evolving needs excellently.

'Every year we seek to strike a careful balance between managing BSI's finances with proper near-term caution and making the investments required to secure BSI's longer-term health.'

As a Royal Charter Company with no shareholders and therefore no stock exchange listing, BSI is not required to apply the UK Corporate Governance Code. However, consistent with our unique status as the UK National Standards Body and our commitment to our members, we nevertheless apply the principles of the Code where applicable and, in doing so, have established internal governance processes that reflect best practice in business today. The ultimate accountability for the governance of BSI lies with our widely experienced Board of Directors, which has a majority of Non-executive Directors. The Board is supported by Audit, Remuneration, Nomination and Social Responsibility Committees which are chaired by, and primarily consist of, Non-executive Directors. These formal committees are complemented by the Standards Policy and Strategy Committee, which does invaluable work in gathering and distilling the views of those interested in British standards and advising the Board. Underpinning this governance framework, our structure of internal controls and financial management and, indeed, everything that every BSI employee does, wherever they do it, is the BSI Code of Business Ethics. It sets the ethical values and high standards of integrity that apply to every aspect of the way that we do business.

There were some changes to the Board of Directors during 2014. Keith Clarke, a Non-executive Director and Chairman of the Remuneration Committee, retired on 31 March 2014. Pat Chapman-Pincher, who had been a Board advisor since May 2011, was appointed as a Non-executive Director and Chairman of the Remuneration Committee on 1 April 2014, but had to retire on 22 May 2014 for health reasons. The Board is very grateful to Keith and Pat for their distinguished service to BSI and wishes

them every future happiness. Lucinda Riches, a Non-executive Director, chaired the Remuneration Committee on an interim basis until, following a formal, rigorous and transparent selection procedure, Alison Wood joined the Board on 1 September 2014 as a Non-executive Director and then, on 1 October 2014, as Chairman of the Remuneration Committee. Alison was Global Director of Strategy and Corporate Development for National Grid PLC and prior to that spent nearly twenty years at BAE Systems PLC where she was responsible for corporate strategy, mergers and acquisitions and business development. She is currently a Non-executive Director of Costain Group PLC, e2v Technologies PLC and Cobham PLC.

On 1 October 2014 Alicja Lesniak joined as Board Advisor. She is a Chartered Accountant with top-level experience in the commercial and financial management of professional service businesses such as Ogilvy and Mather, J Walter Thompson and Aegis Group PLC. She is currently a Non-executive Director at SThree PLC, Channel 4 Television Corporation and Next Fifteen Communications PLC.

We were delighted to welcome Alison Wood and Alicja Lesniak, who began immediately to apply the knowledge and insights accumulated during their distinguished careers to the challenges and opportunities ahead of us.

Each year my role presents me with opportunities to work with BSI people everywhere, and 2014 was no exception. Always, I am struck by their deep knowledge, energy, integrity and infectious enthusiasm for what BSI does. They, and the very many BSI Committee Members and Subscribing Members, are the heart of BSI. Without them BSI could not still be one of the most prominent and respected standards bodies in the world today.

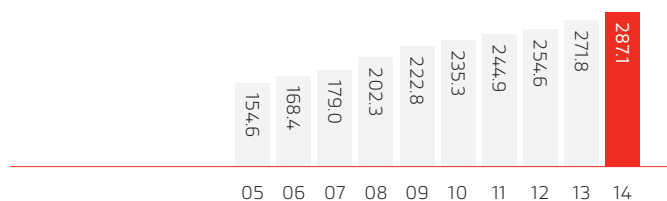
As we begin our 114th year, the Board is confident that 2015 will be another year in which, together with all BSI's stakeholders, we can look forward to both capitalizing on our profound strength and continuing to invest in building the capacity to deliver yet more for all those who depend on BSI, all around the world, and to continue to earn the trust they place in us.



Sir David Brown
Chairman
26 March 2015

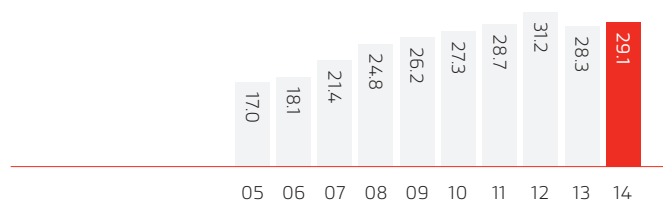
Underlying revenue (£m)

£287.1m +6%



Underlying operating profit (£m)

£29.1m +3%



'We have worked together to transform BSI into an integrated global enterprise.'



Summary

While the evolution and development of a business is a continuous process, this can be divided into phases. Over the past few years we have worked together to transform BSI into an integrated global enterprise able to serve clients across the world from our network of offices. We have created a business stream management structure to run across this established geographical network and have introduced the beginnings of a third 'dimension' of domain management to concentrate on specific market segments where we can become leaders and provide an unparalleled integrated service to satisfy our clients' requirements. I believe that 2014 was a watershed year in this process and reached a stage when we could accelerate the strategy we will follow to achieve our objectives. As a result much of this business review is devoted to the explanation of our current strategic vision, objectives and initiatives and the KPIs that we will use to track our progress. You can read about this on pages 5 to 11.

There is no doubt that 2014 brought with it stronger trading conditions than those experienced in the recent past, although many of our listed competitors in the Testing, Inspection and Certification sector released results below their, and the market's, expectations. Under these conditions I am pleased to report that BSI made good progress during 2014. Clearly the increased value of Sterling compared to our major trading currencies provided a new challenge for BSI management. BSI reports its results in Sterling and so foreign revenues and profits are worth less when translated back on consolidation. As a result our reported revenue and profit growth was lower than it would have been if reported at constant exchange rates. Throughout 2014 BSI has continued to develop its geographical, business stream and domain footprint to ensure that we are well hedged against external business cycles. As we develop internationally our natural hedging against currency flows improves but will never be perfect, so our KPIs will always be affected to some degree by the relative strengths of our major currencies.

'We are proud to employ a talented global workforce who provide the expertise that brings us competitive advantage and differentiates us from our competitors.'

Despite this, it is pleasing to be in a position to report a revenue for the year of £287.1m, a 6% increase on 2013. This is made up of 9% organic growth at constant exchange rates, 1% inorganic growth from the Australian business we acquired in May 2013 and a negative currency effect of 4%. New sales, which will translate into revenue over time, grew slightly more slowly than revenue at 6% at constant exchange rates but were still encouraging and will support our expected future growth plans.

I wrote last year that 2013 was a year of significant investment in BSI and, while this had the effect of depressing 2013 profit, the investments would begin to pay back in 2014. This proved to be the case and underlying operating profit was £29.1m, 3% higher than last year. The growth would have been 4% if calculated at constant exchange rates. Operating profit was 15% higher than 2013 at £30.7m.

Our business remains in robust financial health. We ended the year with no external debt and £52.8m in cash. This is 22% higher than at the end of 2013, despite continued investment in the business and a further contribution of £12.5m into the UK defined benefit pension fund.

Structure

Day-to-day, the business is managed through a strong matrix structure with three global business streams, Knowledge, Assurance and Compliance, being driven through three geographical regions, EMEA (Europe, Middle East and Africa), the Americas and Asia Pacific, supported by highly enabling central functions and innovative business systems. This is overseen by the Group Executive Committee that sets and manages targets and reacts quickly and flexibly to changes in the competitive environment.

Our increased focus is on developing and delivering domain solutions, combining our unique product range and expertise to become thought leaders and the business partner of choice in our chosen markets. BSI already enjoys a strong position in the Healthcare and Food sectors, and in business themes such as Supply Chain and Organizational Resilience. We have made good progress in this area during 2014, and will continue to invest in strengthening our portfolio of products and services through dedicated management in our chosen areas.

Investments

2014 saw a continuation of our significant investments in our IT systems to underpin our strategic initiatives. In particular there have been major developments in our Knowledge business stream, with new projects underway to transform the way we engage with our Subscribing Members and enhance our offering of 'smart' content to our clients. Further launches of our BSI Entropy Software and Supply Chain Solutions software have enhanced our offering. We have developed our internal systems to reflect the requirements of our globalization of the Product Certification business stream and our expansions in the Food sector and the Supply Chain business theme. In addition we continued to invest in new Training courses. These, and our other integrated systems, help to enhance the client journey and our employee satisfaction as they are able to do their jobs more efficiently.

We also continue to invest in the further development of innovative new standards that not only meet the need of the economy and society today but also anticipate the requirements of the future. Our Standards Development team has intensively engaged with current and new stakeholders in the UK and beyond to promote the benefits of standards and standardization. As a result, interest in what BSI has to offer has increased significantly.

We made no acquisitions during 2014 but completed two in January 2015. The first of these was the acquisition of Environmental and Occupational Risk Management Inc. (EORM), an environmental, health, safety and sustainability Consultancy business based in San José, California, US, with six offices on the west coast of the US and in Texas. EORM employs around 160 people and had 2014 revenue of £18.7m. This is an exciting acquisition for us as it provides immediate critical mass for our US Consultancy business and will provide an expert base for international expansion. Also, we completed the purchase of the PricewaterhouseCoopers Systems Certification business in Pretoria, South Africa. This business employs four people and had 2014 revenue of £0.3m. This acquisition increases our global footprint and establishes a base for expansion in Africa. Previously our clients here were served through our Middle East and Africa office in Dubai.

People

Outside the capital expenditure detailed earlier we also recruited heavily during 2014, particularly in the client-facing areas of sales and delivery. By the end of the year we had 3,069 people working for us, an increase of 4% on 2013. We are proud to employ a talented global workforce who provide the expertise that brings us competitive advantage and differentiates us from our competitors. I would like to take this opportunity to thank each and every one of the BSI team for their hard work and demonstration of our core values of Integrity, Inclusivity and Continual Improvement that guide us in everything we do. Our people make BSI what it is today.

During 2014 we have made some changes to the structure of our Group and Operational Executive teams. In August Pietro Foschi joined the Group Executive as Group Strategic Delivery Director. Pietro will be responsible for supporting and driving the delivery of the Strategic Plan and the development of the global Systems Certification business stream. His in-depth understanding of the certification industry and proficiency in developing strategic markets, domains and key accounts will be a great asset to our team. In December Shirley Bailey-Wood MBE, Director, Information Solutions, was promoted to the Group Executive to represent the commercial interests of our Knowledge business stream. Shirley joined BSI in 2004 and has been instrumental in the development of this business and the move towards smart content.

'There is no doubt that 2014 brought with it stronger trading conditions than those experienced in the recent past.'

People continued

As I explained last year, Maureen Sumner Smith was promoted to UK Managing Director in early 2014 and left the Operational Executive. In April, Tony Reilly joined BSI and replaced Maureen as Group Marketing Director. Tony has wide experience in business-to-business marketing in technology and service companies and has already made a significant contribution to BSI. In May Marc Barnes, who joined BSI with the NCSI acquisition in 2013, became Global Director of Food and joined the Operational Executive. Bill McMoil, who was Senior Vice President, Governance, Risk and Compliance, left the Operational Executive in June. His responsibilities have been assumed by Dan Purtell who is now Senior Vice President, Governance, Risk and Compliance Solutions. With Pietro's arrival in August Dr Gary Fenton became Global Product Certification Director, responsible for the expansion of this business stream worldwide.

At the core of our growth strategy is the recruitment, development and retention of our employees. They provide the expertise and professionalism that differentiates our products and services from our competitors and build trust and confidence with our clients. Building and maintaining this expertise, therefore, is critical to our success and we have continued to invest in their professional and career development, adding the Standards/Publishing Academy to our successful Sales Excellence Academy and our developing Operations Academy. Our global leadership programme entered its fifth year and we extended our management programme into China, Japan and India during 2014. Finding the best people remains an ongoing challenge and we have invested in global recruitment software that gives us much more efficient internal processing capability and, more importantly, external candidate accessibility. Following four years of improving retention numbers, in 2014 the trend reversed slightly as global employment markets start to improve.

Clients

Once again we delivered our products and solutions to a record number of clients. We have worked with 80,000 clients over the last twelve months (up 11% on 2013), with an average business tenure of eight years, across 121,000 sites in 172 countries worldwide.

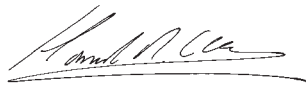
We work equally with multinational companies and small and medium-sized enterprises who benefit from working with BSI. We know this because they tell us. Over 65% of clients who responded to our latest client satisfaction survey scored us nine or ten out of ten for overall satisfaction and just 2% considered themselves dissatisfied with our service.

Our brand and reputation remains paramount to BSI. These are underpinned by our credo of 'Making Excellence a Habit' and our core values of Integrity, Inclusivity and Continual Improvement. Everyone at BSI works to these standards and this is why our clients come to us and keep coming back to us.

Outlook

The easing of the general economic climate towards the end of 2013, upon which I remarked in last year's Annual Report, continued during 2014, but the sense of optimism that was being felt a year ago seems to have been dulled by more recent experience. Currencies fluctuated more wildly than we have seen in recent history, growth rates have stalled and the economic problems in key markets in Europe, Latin America and Asia Pacific have not gone away.

BSI will continue to invest in the organic growth of our business and will complement this with targeted acquisitions. Our strategy of developing our business geographically, by business stream and by domain provides a strong natural hedge against most specific economic issues and so we continue to approach 2015 and beyond with some optimism, while watching carefully the macro-economic developments of our business world. We will continue to implement this strategy in 2015 as we have in previous years and look forward to driving BSI to further success.



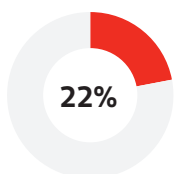
Howard Kerr
Chief Executive
26 March 2015

Our workplace gender balance

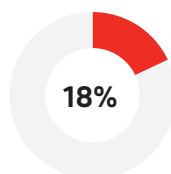
Equality and diversity

BSI uses the talent and skills available in all groups and communities in the countries in which we operate to build the strong team we require to deliver the strategy for our business. Appointments are made on merit, taking the benefits of diversity fully into account.

Percentage of female members



Main Board



Senior management

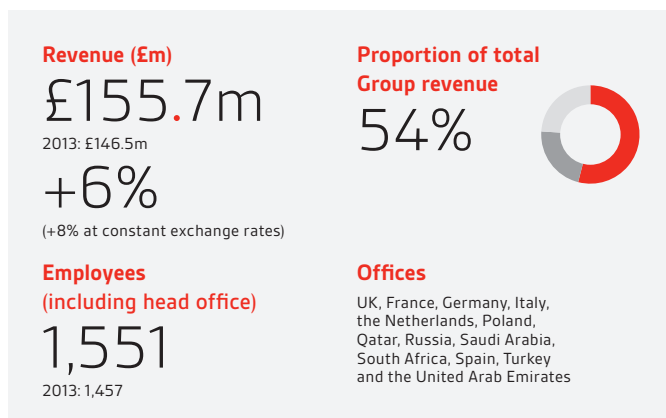


Total workforce

Business review

Performance by geographical region.

EMEA



Our EMEA region experienced fairly diverse trading conditions in 2014, with a more positive environment in the UK and the Middle East and Africa region tempered by more challenging conditions in Central and Southern Europe as the Eurozone continued to experience difficulties in its economy. Given this, an overall revenue growth at constant exchange rates of 8% was a good performance.

A new Managing Director, specifically for the UK, was announced at the beginning of the year and she, and the rest of her management team, provided the desired focus on this business with growth in every one of the business streams and client satisfaction and employee engagement scores both reaching all-time highs.

The Middle East and Africa region performed extremely strongly. This business has traditionally been based on Systems Certification and Training and both of these streams showed significant growth on 2013. In addition, good progress was made in the Product Certification and Healthcare streams as the portfolio continued to be expanded. In early 2015 we announced that we had acquired a small Systems Certification business in South Africa from PricewaterhouseCoopers, emphasising our commitment to this region and establishing a permanent office in BSI's 28th country.

Our Central Europe region is dominated by Germany. This business underwent a significant reorganization in 2013 and has made good progress in 2014 under its new management team. There is still work to be done before the business delivers an appropriate profit margin but signs are positive for 2015.

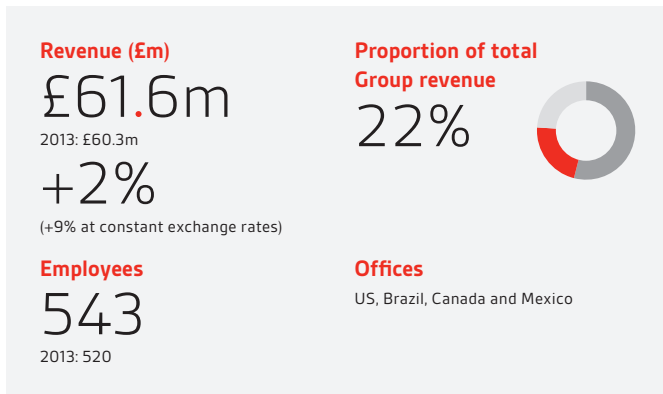
Southern Europe remained a challenge and we restructured our Spanish business in order to optimize our presence in this difficult market. Also Italy proved to have more difficult trading conditions than we had expected. However, both countries did actually grow their local currency revenue during the year and also closed some significant deals in our newer business streams towards the end of the year, including a large Supply Chain opportunity.

Worthy of note is the pan-European performance of our Compliance business stream. Our Consultancy business delivered some significant deals during the year and will be looking to leverage the expertise of our new US acquisition in this space in 2015. Our Supply Chain Solutions business gained traction across the region and our Entropy Software footprint grew on the back of strong Action Manager sales. The strongest relative performer was Training, which showed constant currency revenue growth of over 20% in 2014.

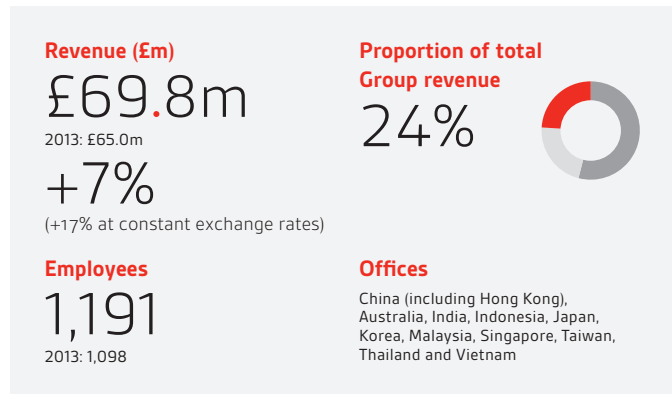
Our EMEA region also includes results from the EMEA part of our Knowledge business stream, which is managed separately to the EMEA Assurance and Compliance business. EMEA constitutes the vast majority of our Knowledge stream, details of whose global performance may be read on page 19 of this report. At constant exchange rates our EMEA Knowledge business reported revenue growth of 6% in 2014, while our EMEA Assurance and Compliance business grew 9%, making 8% for the region as a whole.

Performance by geographical region continued.

Americas



Asia Pacific



Our Americas business has been one of our strongest performing regions over the past few years and this was again the case in 2014. Revenue growth was 9% at constant exchange rates. The success of the Americas region meant that the old regional headquarters office had been outgrown and so, in June 2014, we moved to new offices in Herndon, VA. These new offices have been well received by our employees and clients as they allow us to reflect the brand and culture of BSI and to underpin the future development of the region.

The Americas region continued its progress during 2014, away from being predominantly a Systems Certification and Healthcare provider to offering a more comprehensive BSI portfolio, including Training, which is now growing profitably; Governance, Risk and Compliance; and the beginnings of Knowledge and Product Certification. All will be important for its future growth. However, the traditional businesses led the way and, again, showed good progress. In Systems Certification, the emphasis on margin improvement was evident in the combination of the operations management of the US, Canada and Mexico under one management structure. Streamlined reporting and the elimination of duplicated positions have driven greater synergy and yielded improvements in performance. Our Healthcare sector team, in turn, grew revenue by over 20% and established clear market leadership in the US and Canada.

Our Scottsdale, AZ, office runs our global Governance, Risk and Compliance business and continued to invest in both staff and the Supply Chain Solutions and Entropy Software products during 2014. Good progress was made during the year and these businesses are well placed for growth in 2015 and beyond. Our GRC offering was complemented and enhanced by the announcement of the acquisition of the EORM Consultancy business in San José, CA, in January 2015.

Outside the US, Mexico reversed its 2013 slowdown and recorded double-digit growth in new sales, revenue and profit in 2014, despite the slow economy and political uncertainty in the country. Brazil had to deal with the football world cup and presidential elections during 2014, and these impacted our business more adversely than had been originally predicted. Canada developed well on the back of a strong core business and demonstrated a leadership position in the country for the core ISO standards changes due in 2015 and 2016.

At constant exchange rates, revenue in our APAC region grew by 17% during 2014. Of this around 6 percentage points were due to the annualization effect of the revenue from the acquisition of NCSI in Australia in May 2013. However, given the economic issues prevalent particularly in two of the region's largest markets, Japan and Australia, this was a very commendable result. In fact, in local currency terms, China, Taiwan, India, Singapore, Thailand, Malaysia, Vietnam and Indonesia all reported double-digit organic growth rates.

In China we have continued to expand geographically and, by the end of 2014, had trading offices in nine cities, including Hong Kong, where the regional head office is also located. Although China's economic growth has slowed, our business grew well and, as expected, returned to profitability after the period of expansion and investment.

Growth in the Japanese market has been difficult for BSI for several years, with margin pressures continuing in our core Systems Certification and Training activities. At the end of 2014 we announced a restructuring programme for our Japanese business which will see a structural reorganization coupled with an introduction of other products and services from the BSI portfolio as we create a business better able to face the future challenges in this important strategic market.

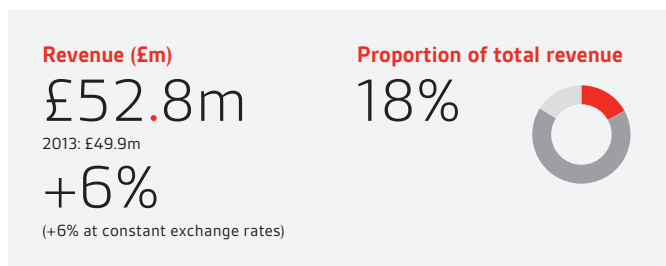
Our third large market in Asia Pacific is Australia where, following the 2013 acquisition, we have maintained a strong market position. A particular success during 2014 has been the Food sector, which is run globally out of Australia using expertise acquired with NCSI. We expanded this business to several other Asia Pacific markets during the year and developed global marketing collateral for further expansion in 2015.

Outside the three largest markets we recorded excellent trading in India, following two years of relatively low growth; Taiwan, who continued their recent strong performance, and our ASEAN sub-region, which continues to be the fastest growing part of Asia Pacific, albeit from a low base. Korea had a poor year by its usual high standards and management changes at the end of the year should lead to better performance in 2015.

During the year we launched our regional Foundations of Management programme which helps to develop middle management throughout Asia Pacific. Five courses were delivered in China, Japan and India and 48 managers graduated from the programme.

Performance by business stream.

Knowledge



During 2014 the Knowledge business stream has seen a reorganization of the standards development, product development and sales and strategic market capabilities to continue the focus on knowledge services provision. At the same time our business continued to expand, with revenue growing by 6% at constant exchange rates to reach more than £50m for the first time. This growth was driven predominantly by international partner programmes, licensing, direct digital services and increased funding from new sources in the UK seeking standards development solutions. Our flagship product, British Standards Online (BSOL), again developed well and helped to improve our international profile. Revenue mix was again favourable, with increases in digital products with relatively high margins and any revenue shortfalls concentrated in the lower margin products. This allowed margins to remain at good levels.

The market specific challenges in which progress was made during the year included addressing the speed of the standards development life cycle with new development approaches and developing new standards and relationships relevant at the cutting edge of technological innovation or at the convergence of industries, for example smart cities and building information modelling. At the same time good progress was made in enhancing coverage of our core, standards-intensive, sectors such as Healthcare and Built environment. We have made major strides in our product development capabilities and identification of workflow solutions to differentiate our knowledge services in the market.

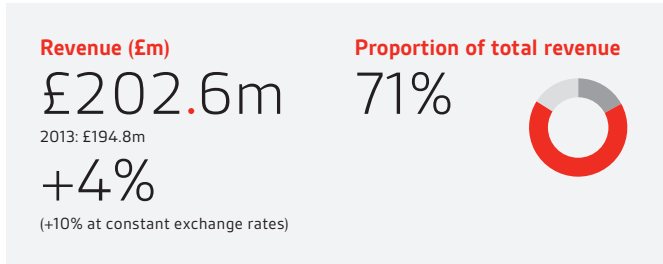
We have continued to invest heavily in our online solutions and product delivery platforms. Our digital to print ratio is now above 80%, reflecting the successful transition of our traditional print-based product to a more technologically advanced and increasingly interactive medium. Late in the year we released our new Compliance Navigator solution for the Healthcare sector. This is a technology-enabled product built upon increased discoverability of information, linkages and enhanced relevant content centred on workflow efficiencies. It is an important development in our business, as it reflects fully the direction of client requirements towards a smarter way of working. Its framework will adapt easily to other industrial sectors and will be a key focus for 2015.

Our International Projects division grew significantly in 2014, delivering projects around the world, most substantially in India, Mongolia, Lebanon and China, but also winning new assignments in Mongolia, Turkmenistan and Uganda.

As the world and its demand for our projects change and develop towards smart content, we continue to invest in new standards, new platforms and new geographies to ensure that we meet our clients' requirements. Our continued growth demonstrates the trust that our clients place in BSI and we remain a trusted partner in the uptake and use of knowledge across their organizations.

Performance by business stream continued.

Assurance



Systems Certification

Systems Certification remains our largest business. It has a truly international reach and is currently going through important changes as the major ISO Management Systems standards are in the process of being revised. In 2013 the revised ISO 27001 (Information Security) was published and we are on track to have all our clients working to the new standard ahead of the deadline in late 2015. We remain the global leader in the certification of this standard. In 2014 our constant exchange rate growth was 7% in Systems Certification, of which 4% was organic.

In 2015 the new revisions for ISO 9001 (Quality Management) and ISO 14001 (Environmental Management) will be published while ISO 45000 (Occupational Health and Safety) will be introduced in 2016. We are ready to apply for accreditation as soon as the standards are finalized. We have produced papers to explain the positive impact of these revisions for our clients and deployed a series of seminars to prepare them for transition. This will continue in 2015.

A key focus during 2014, has been client retention with specific client care programmes introduced in the UK and US concentrating on ensuring that our clients get full value from their relationship with BSI. We continue to invest heavily in the training of our client manager and auditor teams and have introduced specific training on 'understanding client needs'. As a result attrition rates have been reduced and our new clients get the benefits of certification faster.

Product Certification

After a number of lacklustre trading years we stabilized the Product Certification business stream in 2013 and delivered significant organic growth for the first time in 2014, with revenue increasing 7% in constant exchange rate terms. This turnaround has been driven by a strategic initiative to globalize the stream and focus on specific markets in Asia Pacific, Southern Europe and the Middle East and a reinvigoration of our Hemel Hempstead testing facility following the refurbishment we reported last year, which has also invoked significant media interest and resulted in several contributions to national television consumer affairs programmes.

In 2014 we introduced three major new products. The first of these was in our traditional Built environment sector and is an extension to our Notified Body activity offering CE certification to BS EN 1090 (Fabricated Steel Structures). We also introduced two new Kitemark certification schemes that, for the first time, moved Kitemark into the Financial services sector. The first of these certified Simple Financial Products to be both transparent and easy to understand and is based on our support of the Sergeant Report commissioned by the Treasury. The second focuses on the Secure Digital Transaction, for which our first client is a major high street bank for its mobile and online banking service.

Healthcare

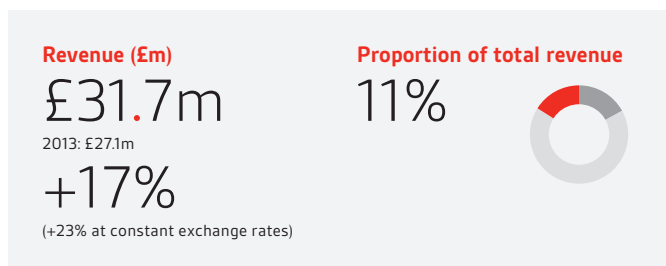
Our Healthcare sector once again reported strong revenue growth in 2014, in all three geographical regions. At constant exchange rates this was 24%, and was predicated on a number of key factors.

We recorded significant market share gain in Europe as an EU Notified Body where, in both Product Certification (CE conformity assessment) and Systems Certification, we are the clear market leader, being more than 20% larger than the second-placed provider.

We also performed very strongly in the all-important US Healthcare market, which drives the global industry with around half of global manufacturing. Industry estimates suggest that the top thirty manufacturers, twenty five of which are US based, generate 80% of global revenue. BSI has twenty eight of these top thirty manufacturers in our client base.

Market share gain was also very evident in our smaller continental Europe and Asia Pacific businesses, with revenue growth in both geographies in excess of 40% as the business develops and broadens.

Compliance



Training

Our Training stream experienced strong growth during 2014, with global revenues increasing by more than 22% at constant exchange rates. The growth was driven chiefly by Asia Pacific and EMEA on the back of investment in commercial teams, processes and systems. This investment permitted us to meet market demand, in particular, for the revised ISO 27001 (Information Security) standard and push further into the Healthcare sector. Our recognized market leadership in both of these areas, underpinned by updated content and training materials, allowed us to capitalize strongly on this demand. Delegates attending our courses increased substantially in 2014 to 105,000, up 19% from the 88,000 we trained during 2013.

Substantial progress was made in standardizing the client service processes and systems of the Training stream across our markets, with the majority of our countries now executing our uniform best practices, now monitored by a newly installed electronic global client feedback system.

Risk and Compliance Management

Supply Chain Solutions had another strong year in 2014, finishing the year with over 60% revenue growth at constant exchange rates. It was an important year in the development of this business stream, as we moved our operations outside the traditional US base and we now have offices across the Americas as well as in our EMEA and Asia Pacific regions. This coincided with our launch of BSI Verification as a global business to service the second party supplier verification requirements of our clients and offering a one-stop service including intelligence, compliance and risk software, auditing and advisory services and culminated in the development of the PAS 7000 (Supplier Prequalification) standard which offers our clients the ability to perform an in-depth supplier audit to approved parameters. We invested heavily in our SCREEN intelligence and Supply Chain Management compliance and risk management solutions, incorporating social responsibility, business continuity risk and predictive modelling into the product offering.

We have seen more clients joining the Entropy Software family during 2014 than in any previous year, with strong sales particularly in the UK, Mexico and Brazil. 2014 was a consolidation year for this stream as we stabilized the version 5 offering and added functionality to the solution including new languages, such as Chinese and Korean, new reports and an integration link between Entropy Software and other BSI Certification systems to provide our certification client with tools to manage their non-conformities and corrective actions. Revenue grew 15% at constant exchange rates. In 2015 we will grow our client-facing operations to continue our delivery of excellent client support across the BSI world, with a specific focus on Asia Pacific. We will also be exploring options to create synergy between Entropy Software and other BSI portfolio products and services to enhance further client satisfaction.

Consultancy

In 2014 our embryonic Consultancy business continued to deliver a small revenue. However, news of the acquisition of Environmental and Occupational Risk Management Inc. (EORM), the US environmental, health, safety and sustainability Consultancy business, in early 2015 demonstrates our commitment to this new stream and 2015 will be an exciting year as we leverage the knowledge and expertise of the acquired business throughout BSI.

Principal risks and uncertainties

‘Effective risk management is an inherent part of the business process.’

Risk management

The Board of BSI understands that effective risk management is an inherent part of the business process. The identification, evaluation and mitigation of risk is integrated into key business processes from strategic planning to day-to-day performance management as well as into health, safety and environmental management. The Board also understands that it is responsible for the risk management system and for reviewing its effectiveness on an ongoing basis.

We have a continual and dynamic process for identifying, evaluating and managing the risks in the business, based on ISO 31000 (Risk Management). Risks identified are logged on risk registers within all business streams, countries and regions. Above these sit the Group Principal and Strategic Risk Registers.

Our management is accountable for managing the risks within their area of responsibility and for sharing information relating to these risks with their colleagues, in the spirit of collaboration. Risk management is a standing item on all key management meetings and our Group Risk and Compliance team ensures that regular reviews are undertaken at all levels within the business. The Board receives and reviews a risk management report at every Board meeting. The Board also formally reviews the risk management process and health and safety issues every year with the Group Risk and Compliance team, and conducts a robust assessment of the principal risks. The Board considers the risk management system to be effective.

What we did in 2014

A risk workshop was conducted with the BSI Group Executive to review the Strategic Risk Register and consider its applicability to the Group's strategic objectives in accordance with the Strategic Plan. As a result, the risks were reorganized and better aligned to the Group's strategic objectives to facilitate measurement against the Group's strategic KPIs.

A programme of risk workshops at regional, country, stream and functional level was initiated to communicate the restructured Strategic Risk Register and provide a framework for the identification of equivalent risks at these levels.

Throughout 2014, we have continued to coordinate the audit activities of the Group Internal Audit and Risk & Compliance Departments as part of an integrated audit programme and, in July 2014, the two departments were formally combined. The integrated audits have added value for those audited, with the combined audit teams bringing different knowledge and skill sets to the country audit and giving each team the opportunity to learn from each other and adapt their processes, where necessary, for continual improvement.

Following the initial attainment of ISO 27001 (Information Security) certification in our Chiswick offices in 2013, we have maintained our certification in 2014. During the year, we have been introducing Information Security Management Systems policies and procedures throughout BSI globally.

Business Continuity Plans are in place for all our locations across the world, and compliance with our Business Continuity Management System requirements is continuously monitored.

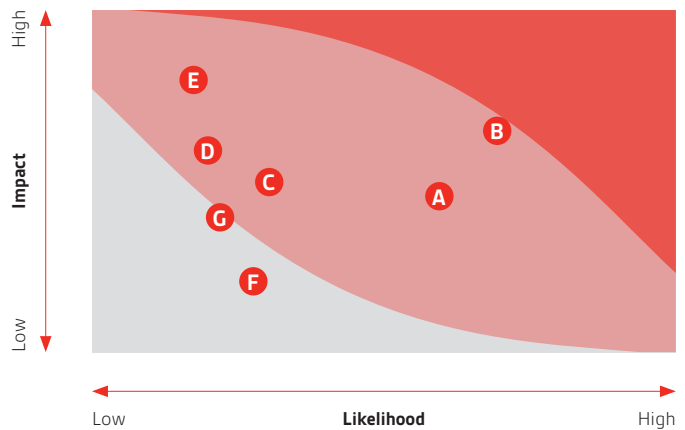
What we will do in 2015

We will continue to roll out our programme of risk workshops throughout our regions, countries, business streams and functions to embed further the updated Strategic Risk Register and facilitate the identification of relevant risks.

Insurance

BSI maintains a global insurance programme covering all major insurable risks to the Group's business assets and operations worldwide. The insurance programme is regularly reviewed and new lines of cover are introduced as required.

Risk heat map



Change to principal risks during 2014

During 2014 we undertook a detailed review of our Principal and Strategic Risk Registers. We now consider health and safety and business continuity risks to be mitigated and have moved them from our Principal Risk Register to be monitored through our operational risk management process.

Third party liability for certification activities is now considered to be part of our legal compliance risk. Government regulatory intervention has been expanded to include other external regulatory entities such as accreditation bodies.

Principal risks.

Type of risk	Risk description	Status	Mitigating activities
A Government regulatory intervention	Much of the work undertaken by BSI is in a regulated space or influenced by governments around the world and changes to government policy could affect our trading.		We continue our discussions with governments to ensure that our voice is heard during policy debates. A regulatory compliance framework is in place along with a compliance audit programme.
B Macro-economic environment	<p>(a) The continuing challenging global economic environment means that the risk in the execution of strategic plans is more complex to manage with less certainty of success.</p> <p>(b) As a global business, dealing in many currencies, BSI is exposed to exchange rate risk.</p>	<p></p> <p></p>	<p>(a) Our strategic plan takes into consideration the economic uncertainty and its financial targets are mindful of the external environment. Performance against budget is closely monitored. Our diverse business activities mean that there is a low concentration of risk.</p> <p>(b) Revenues and costs are matched by currency where possible. Cash is repatriated into Sterling at the earliest opportunity.</p>
C Brand and reputation	Failure to protect or maximize the core identity associated with BSI would result in deterioration of our reputation and potential loss of business.		We continue to reinforce our values, policies and processes, taking robust action where necessary to protect our brand and reputation. We continue to invigorate 'Making Excellence a Habit' and reassert the Group values globally.
D UK pension fund	Increases in the ongoing deficit associated with the UK defined benefit pension scheme would adversely affect the strength of our balance sheet.		The scheme is closed to new entrants and future accruals and we hold regular meetings with the trustee to review the investment policy, our funding requirements and any opportunity to insure against this risk.
E Competitor action	A major consolidation amongst competitors, a large new entrant to the market or other competitive activities may threaten our market position in our business streams or geographic regions.		We continue to monitor and analyse activity in our competitive landscape at local, regional and global levels, with responses put into action as appropriate. We continue to seek new opportunities in all aspects of our business.
F Financial and tax compliance	There is an ongoing risk in any organization of our size and complexity for irregularities to occur due to human error or fraud which could impact our financial results.		We have strong regional and functional reporting lines in place throughout our organization. In addition, we have Group Internal Audit and Risk and Compliance audit teams who regularly visit all locations. There is also an annual external audit of our financial results undertaken by PricewaterhouseCoopers LLP.
G Legal compliance	<p>(a) Compliance with local legislation and the Group internal compliance framework and policies.</p> <p>(b) Potential issues in the certification of management systems and products could give rise to third-party claims.</p>	<p></p> <p></p>	<p>(a) We have Group Internal Audit and Risk and Compliance audit teams who regularly visit all locations.</p> <p>(b) Key employees have the relevant training and expertise for their roles and there is continuous monitoring of all business streams and activities.</p>

Key

 Increase  Decrease  No change

'2014 was an important year for BSI in its role as the UK National Standards Body.'

2014 was an important year for BSI in its role as the UK's National Standards Body. The concept of standards as consensus knowledge, shaping the principles, processes and specification of business activity, was realized across a range of sectors and themes, including innovation, building information, smart cities and corporate governance. Our engagement activity opened new doors, increasing public awareness and understanding of BSI and the national standards making process. Internationally, our reputation grew strongly on the back of bilateral and multilateral relationships and dedicated policy work at the international and European standardization organizations where we represent UK interests.

Innovation and growth

With the support of the UK Department for Business, Innovation and Skills (BIS) we have been undertaking a series of research projects to demonstrate the value of standards to business and society. In October, our research into small and medium-sized enterprises (SME) in the UK and their views and understanding of standards was completed, providing a detailed picture of the SME landscape across different industrial sectors. This work will be used to underpin our engagement strategy and to demonstrate the potential that standards bring for business performance improvement.

We focused heavily during the year on embedding the role of standards within the innovation infrastructure. We worked on four areas with Innovate UK (formerly the Technology Strategy Board) to pilot the new approach: assisted living, cell therapies, synthetic biology and offshore renewable energy.

'BSI has been chairing the European side of the negotiations around a Standardization Agreement supporting the Transatlantic Trade and Investment Partnership negotiations between the EU and the US.'

In synthetic biology, a standards strategy was incorporated within a white paper, developed in collaboration with SynBiCITE, the main UK innovation hub in synthetic biology, entitled 'The ascent of digital bio-manufacturing – creating a new manufacturing industry through the development of synthetic biology standards'. This vision has helped to propel the UK into a pioneering position regarding the use of Digital Biological Information in modern manufacturing processes.

In collaboration with the Cell Therapy Catapult Centre, a framework for standards in cell therapies has been created, describing how the development of best practice in manufacturing process design could dramatically accelerate the speed at which innovation takes place in this area and lead to more biologics products reaching the market more quickly.

Working with the Offshore Renewable Energies Catapult Centre, BSI commissioned research by independent consultants into the use of standards in ORE and gaps in standards provision.

And to support Innovate UK's Long Term Care Revolution, which is aimed at stimulating new ways of delivering long-term care by disrupting the current models of care provision, BSI and Innovate UK have developed a framework document to identify early opportunities for setting standards in relation to long-term care. Work commenced on Publicly Available Specification (PAS) standards on health and wellness applications (PAS 277) and a framework for the provision of guidance on independent living (PAS 278).

International policy

The agreement signed in late 2013 with the Chinese Government on the adoption and recognition of business standards has led to detailed discussions over specific areas where UK industry has been looking to see our standards adopted or recognized. Working with trade associations we identified priority areas where UK industry wanted to see British Standards implemented in China. The adoption of these standards will make it easier for UK companies to enter the Chinese market.

BSI has also been chairing the European side of the negotiations around a Transatlantic Standardization Agreement independent of, but supporting, the formal Transatlantic Trade and Investment Partnership negotiations between the EU and the US.

We have been very active again this year in the international standards bodies, ISO and IEC and the European Standardization organizations, CEN, CENELEC and ETSI. 2014 marked the final year of Terry Hill CBE as ISO President, the UK's first president of ISO for 50 years. Terry's presidency was greatly appreciated by the members of ISO, and we are very grateful to him for demonstrating UK commitment to this important relationship.

International projects

BSI continues to support the quality infrastructure of other countries. In 2014 we were awarded the leadership of two EU-funded projects, one supporting the modernization of the standardization system in Mongolia and a second supporting the alignment of the system of technical regulations in Turkmenistan, as well as a third project in Uganda. Our work in ongoing projects, most notably in India, Mongolia, Lebanon and China continued.

Committee management

We continue to grow our expert base, with committee membership increasing to over 11,000 during 2014. An average of 25 new Committee Members each week receive our new welcome packs. This has led to a greater uptake up of our Committee Member training courses, 40 of which were delivered in 2014, the highest number to date.

Our work would not be possible without the dedication of our experts; in November 2014 we held the inaugural BSI Standards Awards to recognize excellence in our standards development work. Ten experts, who have served the standards community with distinction, received awards at the London Standards Forum, one of three Standards Forums held during the year.

We restructured our networks of consumer experts to improve their input to the standards development process and we are working with the UK Sustainability Network for Standardization to encourage environmental non-governmental organizations to contribute to standards development.

The BSI Standards Policy and Strategy Committee (SPSC) is intended to provide the highest level of independent advice to the BSI Group Board. The Chairman of SPSC, Carol Sergeant CBE, is leading a process of re-vitalization and renewal of this important body.

Corporate governance

Strong progress was made during the year in the field of corporate governance, where we see growing interest in the role of principle-based standards to stimulate cultural improvement in organizations. We strengthened our relationship with Tomorrow's Company, a renowned research body and think tank, and other business associations, as we look to build a new suite of standards that can build on the success of standards such as BS 13500 (Organizational Governance) and BS 65000 (Organization Resilience).

Supply chain

As supply chains become longer and demands for transparency grow, it becomes increasingly difficult for a business to assess the risk they may be exposed to from their suppliers, in terms of Corporate Social Responsibility, labour rights, quality, security, ethics or environmental performance. Working directly with international stakeholders we developed a breakthrough standard, PAS 7000, which addresses risk in the supply chain and sets out the standard information to be provided by suppliers about their profile, governance procedures and performance capabilities.

Management systems standards

BSI manages the ISO committee secretariats for the two most widely used international standards ISO 9001 (Quality Management) and ISO 14001 (Environmental Management). Both of these internationally renowned standards continued their much-anticipated revisions during the year and are expected to be published in 2015.

During the summer of 2014 we decided to open to the public the committee meeting discussing the comments on the ISO 9001 revision. The open meeting enabled easy access to those heavily involved in the writing and development of the standard in order to answer questions and to raise concerns. The meeting was extremely well attended and the concept was followed later in 2014 for the international work in occupational health and safety management.

Sustainability

As part of our ambition to support the dissemination of standards, we launched the Sustainability Standards Navigator, which is an interactive online resource that has proven to be a great tool for engaging with stakeholders who want guidance to find the standards they need for their business to be more sustainable.

Building Information Modelling (BIM)

BSI has been at the heart of delivering BIM standards since 2007, establishing thought leadership through the globally-recognized standards BS 1192 and PAS 1192-2. These BIM standards are changing the way built environment projects are procured, assets are designed and the supply chain collaborates, ultimately saving significant costs and reducing waste.

We have continued to support the UK Government's requirement for collaborative 3 Dimensional BIM to be used on its projects from 2016. Two more important Level 2 BIM standards were published during the year completing the suite of Level 2 BIM standards: PAS 1192-3 (Information Management for the Operational Phase of Assets), and BS 1192-4 (Collaborative Production of Information).

Internationally BSI is working successfully in ISO to promote the use of the UK BIM standards as the base documents for two new ISO standards, ISO 19650-1 and ISO 19650-2 and we are leading the ISO working group responsible for these projects.

HS2

Throughout the year we continued to work with HS2 Ltd, the organization responsible for developing the UK high-speed rail network north of London, using the recommendations from our work in 2013 as a platform for streamlining existing standards and the development of new guidance. Revised standards on ground structures are in development and we have initiated new projects in the areas of temporary works and tunnel linings. An important part of the design specification for HS2; these standards will be used across UK infrastructure.

Healthcare

2014 saw great strides in our efforts to see the take up of voluntary standards in the Healthcare sector, with work on ageing population, dementia friendly communities and hospital cleanliness. We made excellent progress in the area of clinical healthcare standards, building an alliance of Royal Colleges, professional and statutory bodies to deliver a patient-centric approach to clinical service accreditation.

Smart cities

The potential for better use of information to transform urban life has led to the creation of BSI's smart cities standards programme. Building on the initial work, which included an overview of smart cities (PD 8100), a framework for city decision-making (PAS 181), smart city planning guidelines (PD 8100), a vocabulary (PAS 180) and a data concept model (PAS 182). We have now agreed with the Innovate UK-funded Future Cities Catapult centre to set up a member based collaboration called the City Standards Institute. This is an exciting development and a new model for BSI, bringing together engagement, strategy development and standards making to deliver what will potentially become a global work programme.

Overall, 2014 was a positive and successful year for the National Standards Body. Progress has been strong across all areas, from engagement to strategy and policy to standards development and publishing. The profile of standards as a tool for innovation, trade and growth has grown. We have recognized the vital role that our committees and chairmen fulfil in the national standards making process. We are well positioned to serve UK industry, government and society through 2015 and beyond.



Dr Scott Steedman CBE
Director of Standards
26 March 2015

Financial review

'It is extremely pleasing to report such positive results for 2014.'



Overview

2014 was an unusual year in economic terms, with conditions changing even during the year and differing between geographical regions and industrial sectors of the global economy. After a challenging 2013, optimism, particularly in the UK, grew towards the end of the year and continued through the early part of 2014. However, weaknesses developed in the mining and minerals, and oil and gas sectors during 2014 and the Eurozone in the west, and Japan and Australia in particular in the east found the global recession harder to break. A new challenge developed in late 2013 and throughout the majority of 2014 for Sterling-denominated companies, of which BSI is one, with Sterling strengthening against most other major currencies. This meant that revenues and profits earned outside the UK were worth less when translated back into Sterling and consolidated into our Group accounts. Under these circumstances, and given that many of our listed competitors reported results below market expectations, it is extremely pleasing to report such positive results for 2014, which once again bear testament to the geographical, stream and domain diversity of BSI. This diversity offers a natural hedge to economic fluctuations in any given sector or region.

Exchange rates

BSI reports its results in Sterling and, as an international business, is affected by movements in exchange rates of other currencies, particularly our major trading currencies of the Australian Dollar, Chinese Renminbi, Euro, Japanese Yen and US Dollar. We mitigate the effect of this by matching revenues and costs in these currencies wherever possible and by repatriating excess currency back to the UK as soon as we are able to, so that it can be invested.

We translate our balance sheets into Sterling at year-end exchange rates. For our income statement we use a weighted average rate so the figures in the table on page 29 are an approximation. For our major trading currencies this table shows the rates used for 2013 and 2014.

If our 2014 revenue were to be translated at 2013 weighted average exchange rates it would be £12.8m, or 4% higher at £299.8m. If underlying operating profit were to be translated at 2013 exchange rates it would be £0.3m or 1 percentage point higher at £29.4m. Unless otherwise indicated all numbers in this report are at prevailing exchange rates.

'Organic revenue growth at constant exchange rates was 9%, significantly higher than the 5% organic growth rates reported in 2012 and 2013.'

Revenue

BSI Group revenue increased by 6% in 2014 to £287.1m (2013: £271.8m). This single revenue growth figure may be split into three component parts. Organic revenue growth at constant exchange rates was 9%, significantly higher than the 5% organic growth rates reported in 2012 and 2013. This was supplemented by 1% inorganic growth due to the annualization of the 2013 acquisition in Australia. The net strengthening of Sterling from 2013 to 2014 weighted average rates of exchange had a negative effect on revenue of 4%. The reported revenue growth of 6% at actual exchange rates meant that our underlying revenue continued its trend of increasing every year since 1999. All of our regions and business streams reported revenue growth in 2014. EMEA grew by 6%, the Americas by 2% and Asia Pacific by 7%. Knowledge grew by 6%, Assurance by 4% and Compliance by 17%. Details of this, and their organic growth at comparable exchange rates, was given in the Business review on pages 17 to 21.

Underlying operating profit

As explained last year, 2013 was a year of investment for BSI which adversely affected the underlying operating profit figures. These investments began to pay back as planned during 2014 and provide a strong base for future profit growth in 2015 and beyond. Gross profit margin fell slightly during 2014 to 47.7% (2013: 48.4%). Across such a geographically diverse and varied business as BSI product mix can have an effect on overall margin. Some of our embryonic Compliance businesses currently operate with low gross margins due to the straight-line nature of the depreciation charge resulting from the initial investments into these businesses. In addition, in some parts of the world, our Systems Certification business, in particular, is facing some margin pressure. Although this gross margin reduction was anticipated, two of our eight strategic initiatives, itemized elsewhere in this report, identify margin as an area for improvement. Selling, distribution and administration costs increased by 2% over 2013. Internal profit budgets were beaten in 2014 and incentive payments to management increased from their 2013 levels. In addition, the provision for the long-term incentive plan was increased by £0.8m (2013: £0.3m) due to an improvement in our expected results for 2015 and beyond, partly as a result of the 2015 acquisitions, and depreciation and amortization increased from £6.9m in 2013 to £8.8m in 2014 as a result of our recent investments. These additional costs, and the 1 percentage point negative impact from exchange mentioned above, meant that underlying operating profit increased more slowly than revenue, by 3% to £29.1m (2013: £28.3m). This implies an underlying operating profit margin for the year of 10.1%, compared to 10.4% last year.

Exceptional items and operating profit

In 2010, when our expectation was to vacate our Hemel Hempstead Product Certification testing laboratories, the decision was taken to impair the land and buildings to a lower value, based on market value. In 2013 we decided to remain in the property and invested significantly in its refurbishment. As a result we have reviewed the asset value of the land and buildings on the BSI balance sheet and increased this to an appropriate value, based on value in use. The outcome of the review was an uplift to the carrying value of £3.2m and this is shown as an exceptional credit in the income statement. As part of the acquisition of NCSI in Australia in 2013 we acquired a small subsidiary in the US. The decision was taken to dispose of this subsidiary during 2014 and a buyer was found. £0.5m of the overall acquired intangibles was apportioned to this part of the business, and these contributed to the total of £0.7m loss on disposal. A provision of £0.8m was created for a restructuring of our Japanese business, which began in December 2014, to reposition this business in its extremely competitive marketplace. Other small exceptional costs were incurred relating to past and future acquisitions and other small restructurings. The net result of this was a credit to the income statement, relating to exceptional items, of £1.6m (2013: £1.5m cost). This had the effect of improving operating profit to £30.7m (2013: £26.8m), an increase of 15% on the prior year.

Finance income and costs

The Group continued its policy of repatriating excess cash to the UK as soon as possible and investing its cash reserves proactively during 2014 but finance income was lower than in 2013 due to the reduction in the prevailing interest rates at which we were able to invest. As a result finance income was £0.3m (2013: £0.4m). BSI has no debt and so our finance costs related predominantly to the net interest cost on the liability of our UK defined benefit pension scheme and were £2.4m in 2014 (2013: £2.6m). Profit before tax increased by 16% from £24.6m in 2013 to £28.6m in 2014.

Taxation

The Group effective tax rate on profit (ETR) increased from 13.4% in 2013 to 26.6% in 2014, as there was no repeat of last year's material adjustment relating to the deferred tax recognition of goodwill amortization in Canada. Eliminating prior-year adjustments arising on under-provided UK and foreign tax the current year ETR was 23.4% compared to 21.5% last year. This increase reflects corporation tax losses not recognized, the deferred tax impact of the Hemel Hempstead property revaluation and the tax treatment of the UK defined benefit pension scheme. We consider the ETR on underlying operating profit to be a better indicator of the tax management of the operating business. In 2014 this was 27.2% (2013: 28.7%). The mix of the differing tax rates between the countries in which we operate can create small fluctuations in the overall Group rates. Profit for the year was £21.0m (2013: £21.3m).

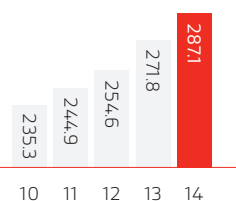
Exchange rates

	Year end 2014	Year end 2013	Average 2014	Average 2013
Australian Dollar	1.91	1.86	1.83	1.67
Euro	1.28	1.20	1.25	1.18
Chinese Renminbi	9.57	10.09	10.10	9.69
Japanese Yen	187.41	173.43	174.86	152.95
US Dollar	1.56	1.65	1.64	1.56

Financial KPIs

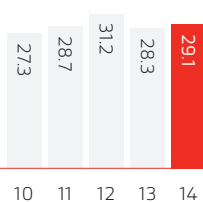
Revenue

£287.1m +6%



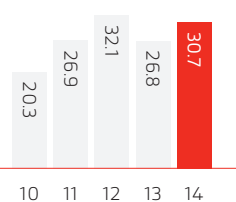
Underlying operating profit

£29.1m +3%



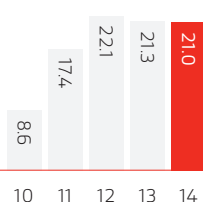
Operating profit

£30.7m +15%



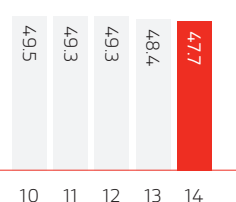
Profit for the year

£21.0m -1%



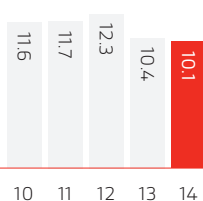
Gross profit margin

47.7% -0.7ppt



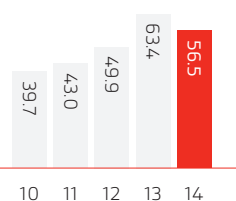
Underlying operating profit margin

10.1% -0.3ppt



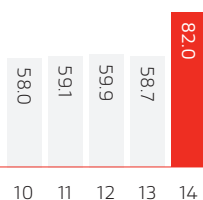
Net asset value

£56.5m -11%



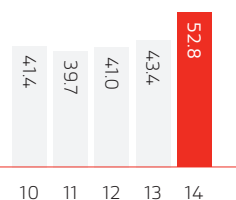
UK defined benefit pension fund deficit

£82.0m +40%



Cash

£52.8m +22%



'The two acquisitions completed in early 2015 were funded out of our own cash balances without recourse to external debt.'

Balance sheet and cash flow

The net asset value of the Group fell by £6.9m from £63.4m to £56.5m in 2014. This was mainly due to an increase in post-employment benefit obligations, net of deferred tax, of £27.2m during the year, mitigated by a profit for the year of £21.0m (2013: £21.3m). BSI remained highly cash generative, with cash generated from operations before contributions to the UK defined benefit scheme during 2014 of £38.5m (2013: £33.4m). As a result we ended 2014 with zero debt and a cash balance of £52.8m, an increase of £9.4m or 22% during the year. The strong year-end cash position meant that we were able to fund the two acquisitions, completed in early 2015, out of our own cash balances without recourse to external debt.

Our purchases of property, plant and equipment and intangible assets, predominantly computer software, were £8.4m in 2014 (2013: £12.0m). We continued to invest in our information and communications technology infrastructure as well as on more client-facing programmes such as our Entropy Software and our online solutions and product delivery platforms. Included in this figure was an investment of £0.4m in the development of new Training courses.

Debtor days in 2014 increased slightly during 2014 to 55.3 days (2013: 53.3 days). This Group average depends on the geographical mix of our revenue and the customary terms of trade encountered in our different markets. There is also, occasionally but increasingly, a push from some clients to receive longer payment terms. These are sometimes granted for commercial reasons. However, there were no significant bad debts during 2014, with receivables written off amounting to only £0.5m (2013: £0.6m) and no material change in the relative ageing of our outstanding trade receivables.

Pensions

The deficit of the Group's UK defined benefit pension scheme increased by £23.3m, or 40%, from £58.7m to £82.0m during 2014, despite a contribution made during the year of £12.5m (2013: £5.0m), and a return on scheme assets of £12.2m (2013: £4.5m). However, these were more than offset by an increase in the scheme liabilities, due to changes in demographic and financial assumptions, of £45.0m (2013: £5.0m), combined with operating expenses of £0.6m (2013: £0.7m) and a net interest cost of £2.4m (2013: £2.6m).

The discount rate used when calculating the liability is determined by reference to market yields on high quality corporate bonds. The discount rate used was 3.6% compared to 4.45% in 2013. This accounted for the vast majority of the increase in the scheme liabilities. BSI seeks to be close to the mid-point in the range of possible assumptions in the valuation of the assets and liabilities of the pensions fund and confirms this with its external advisors each year.

The Group remains committed to reducing this deficit and works closely with the Pension Trustee Board to do so. A triennial valuation of the scheme took place with an effective date of 31 March 2013 and a schedule of contributions was agreed with the Trustee that is expected to eliminate the deficit by 31 March 2021. This schedule required contributions of £37.5m in the period 2014 to 2016 inclusive. A payment of £12.5m was made into the scheme on 30 June 2014 according to this schedule of contributions, satisfying the Group's obligations for the year.

Treasury

A Banking Committee ensures that all treasury activities are conducted in accordance with the Group treasury policies maintained and updated by the Board. Treasury operations are subject to independent reviews and audits, both internal and external.

The principal aim of these policies is to manage and monitor the Group's funding requirements, optimize net interest cost after tax and manage financial risk arising from the international nature of the business of the Group, particularly in terms of interest rates and foreign exchange. Policy prohibits holding or issuing financial instruments for trading purposes so credit risk in this area is minimal.

The Group held cash of £52.8m at the end of 2014, up 22% from the equivalent figure at the end of the previous year. During the year there was no net cash expenditure on acquisitions (2013: £10.2m), capital expenditure of £8.4m (2013: £12.0m) and a contribution to the UK defined benefit pension fund of £12.5m (2013: £5.0m). Although the Group is debt free, it recognizes the occasional need for external funding and held bank overdrafts of £2.3m (2013: £2.5m), on an unsecured basis, at the end of 2014, although none were utilized. The Group maintains regular contact with its main banks and is confident of being able to secure debt facilities should these be required. Counterparty credit risk with banks exists but we consider this to be minimal.

The Group has significant operations outside the UK and so has exposure to currency fluctuations. Note 3 to the consolidated financial statements shows the translational exposure that the Group would suffer should any of the major currencies in which it trades move by 10% against Sterling. If all currencies moved by 10% against Sterling in the same direction, the impact to underlying operating profit would be around £0.5m.

Accounting policies

Details of the principal accounting policies used by the Group appear in Note 2 to the consolidated financial statements.



Craig Smith FCCA
Group Finance Director
26 March 2015

Social responsibility review

'An integral part of best practice.'



BSI aims to 'make excellence a habit' for our clients. We are proud of our role as leaders and promoters of standardization, compliance and best practice. But, of course, we strive to do the same in our own business. Excellence in social responsibility is an integral part of best practice and is extremely important to us. Through our Group Compliance Framework and Social Responsibility (SR) Code of Conduct, we demonstrate a strong commitment towards embedding sustainable business practices in all areas of our organization. Our SR Code of Conduct is inspired by, and aligned with, universally accepted standards of business conduct. It outlines our position on business ethics, the environment, human rights and our supplier engagement process in order to ensure that we act as a good corporate citizen.

Our strategy

Our strategy is shaped by our SR Committee. This Board Committee provides governance and oversight of the Group's SR strategy, to ensure that this aligns with the overall business strategy. It is based on ISO 26000 (Guidance on Social Responsibility). I chair the Committee, supported by two other Non-executive Directors, Sir David Brown and Dr John Regazzi, as well as Howard Kerr, the Chief Executive. To underpin the Committee, a Global SR Project Team has been established to work with our regional champions and locally appointed representatives. This team comprises experts from across the business, who have the common objective of ensuring that excellent SR remains a vital part of our corporate ethos.

At BSI we recognize that we are in a very fortunate position, as our business allows us to help shape the way that the world handles SR issues, so that we can impact society both through our own actions and by helping others to make excellence a habit too.

'We recognize that we are in a very fortunate position, as our business allows us to shape the way the world handles social responsibility issues.'

'Our business is driven by our corporate values of Integrity, Inclusivity and Continual Improvement.'

Green house gas emissions

Caring for the environment

Our global carbon footprint is measured in tonnes of carbon dioxide equivalent or 'tCO₂e'. Emissions are shown in compliance with the Department for Environment, Food and Rural Affairs (Defra) Greenhouse Gas Reporting Guidance and have been calculated using the latest conversion factors published by the Department for Energy and Climate Change and Defra in May 2014. Scope 1 emissions arise directly from sources that are owned or controlled by BSI, including emissions from fossil fuels burned on site and emissions from Company-owned or leased vehicles. Scope 2 emissions arise indirectly and result from the generation of electricity, heating and cooling generated off-site but purchased by BSI. We look to ensure that our data is as accurate as possible. As some of our offices are in serviced buildings with no separate meters, we have had to extrapolate and use consumption data from a similar type office to create an estimate for offices where no accurate data is available. For our sustainability reporting we have set boundaries based on operational control, as defined by the Greenhouse Gas Protocol. Our intensity ratios are based on square meters and employee headcount. We continue to implement measures to improve and extend the accuracy and scope of our reporting, for example by including fugitive emissions arising incidentally from our testing operations. Although we ceased offsetting carbon in 2014, our Scope 1 emissions declined, particularly due to a systems initiative that allows us to minimize travel time by ensuring that the closest appropriate assessor undertakes each client audit.

Greenhouse gas emissions (tCO ₂ e)	2014	2013
Scope 1 emissions	2,700	3,500
Scope 2 emissions	1,600	1,400
Gross emissions	4,300	4,900
Carbon offset	—	(1,800)
Net emissions	4,300	3,100

The intensity ratio per employee, calculated as the net emissions divided by the average number of full-time equivalent individuals employed by the Group during the year, was 1.4 tCO₂e (2013: 1.1 tCO₂e). The intensity ratio per square metre, calculated as the net emissions divided by the number of square metres of office space used by the Group during the year, was 0.10 tCO₂e (2013: 0.08 tCO₂e).

Our business

We believe that we can make a real difference to the world by helping to create a sustainable future for ourselves and our local communities through responsible business practices, positive stakeholder engagement and by limiting our impact on the environment. Our business is driven by our corporate values of Integrity, Inclusivity and Continual Improvement, which sit alongside our SR Code of Conduct to ensure that we operate both ethically and sustainably.

We trust we can make a positive contribution to society by striving for excellence in our day-to-day business. Our global network of sustainability and SR experts allows us to leverage our knowledge, services and relationships in areas where we can make a real difference. We work with businesses, governments and academia worldwide to develop innovative standards that help our clients to implement a sound SR framework.

We are proud to have published the world's first environmental standard in 1992. This became the template for ISO 14001 (Environmental Management). This standard helps organizations to minimize the negative effect their operations may have on the environment. BSI has played a pivotal role in ensuring that this standard is updated in accordance with the latest environmental challenges. We continue to increase the number and range of standards, publications and training courses that help the global community embed sustainability, as this remains the most proactive way that we can influence SR in society.

We also help organizations to implement their management systems to ensure they achieve continual improvement in the area of SR and offer training courses to help them to embed sustainability and ethical practices into their business.

Our people

Our people are the most important assets in our business. We have been recognized as an Investors in People (IiP) company in the UK, which reflects best practice in the way we manage, lead, develop and involve our employees in decision making. We are committed to excellence in the development and success of our people, so we continually improve our internal learning programmes and performance management systems. We also have wellbeing programmes operating globally, which include running and cycling clubs, healthy eating and nutrition programmes, smoking cessation support, social clubs and the provision of wellbeing advice.

We pride ourselves on our ethical approach to all our undertakings. Our Code of Business Ethics underpins this and is a key part of our employee induction programme. We also have a robust anti-bribery and corruption training programme in place to ensure ethical business practices. Our confidential whistle-blowing process allows our employees to report anonymously any behaviour that they feel falls short of our high standards.

Our environment

We recognize the importance of good environmental stewardship and aim to minimize our impact on the environment. We have a Group objective to comply with ISO 14001 (Environmental Management) in all of our major operations worldwide and, while accreditation rules prevent us from being certified in all but one of our global locations, we operate an internal compliance and audit programme to ensure that we do. The rules do allow us to be certified at our Chiswick location, which is home to our Corporate Centre and our Standards and Publishing business, and here we are independently certified to ISO 14001 by a third party. Across the Group, we have many local initiatives, including energy saving, waste minimization and recycling.

In order to work towards mitigating our impact on the environment and understanding our global footprint as accurately as possible, we utilize Entropy Software as our global SR tool. This is an integrated risk and compliance management solution that meets the certification requirements of ISO 14001 and is integrated with our SR, health and safety and environmental frameworks. It allows us to track and monitor all our environmental and SR activities worldwide, ensuring continual improvement and helping us to manage our initiatives effectively.

Our community

At BSI we understand the importance of giving back to our local communities and we encourage our employees to play a positive role in this.

We continue to work with our global charity, WaterAid, the leading non-government organization operating in water and sanitation. WaterAid transforms lives in the world's poorest communities by providing clean water and safe sanitation. They were instrumental in securing UN recognition that access to water and sanitation is a human right, and continue to be actively involved in influencing the progression of the Millennium Development Goals beyond 2015.

WaterAid, like BSI, understands the importance of embedding excellence, and focuses on the practical installation of sanitation projects, while also seeking to influence policy at national and international levels to help tackle this problem in a holistic way. This they achieve by integrating service delivery, capacity building, advocacy and learning.



In support of
WaterAid

BSI's donations to WaterAid are helping to fund a project supporting 80,000 people in the rural communities of Dembia, Ethiopia, where the water supply is at its lowest and sanitation is available to only 25% of the population.

Each of our local offices contributes towards our SR initiatives in their own way. In addition to supporting our global charity we encourage and support our employees to work with local charities through our matched giving programme, which supplements their achievements. Our people contribute to charities by giving their time and expertise through a range of fundraising, volunteering and pro bono activities. We take pride in the fact that the majority of our charitable donations in 2014 came from matching funds our employees raised for their many charities around the world.

As part of their commitment to the environment and sustainability, our Asia Pacific colleagues are now supporting the Orangutan Land Trust as their own regional charity, in addition to their support for our global charity. Ensuring the protection of the orangutan has a huge positive impact on the biodiversity and sustainability of the ecosystem and rainforest. Their support for this charity is helping to make the world a better place and contributes not only to 'make excellence a habit' but also to 'make excellent habitats'.



At BSI we take our social responsibilities very seriously. Our business allows us to help shape the way the world handles the issues facing it in this area and we make every effort to reach these high standards in the decisions we take and the way we live our own lives.

Dr Tom Gorrie
Chairman of the Social Responsibility Committee
26 March 2015

Board of Directors



Sir David Brown
Chairman

A N SR

Sir David Brown joined the Board as Non-executive Director in May 2010 and became Chairman in March 2012. He was Chairman of Motorola Ltd from 1997 to 2008 and was also Motorola's Global Governance Advisor. A Fellow of the Royal Academy of Engineering, he was President of the Federation of the Electronics Industry and President of the Institution of Electrical Engineers. He was the first President of the Chartered Quality Institute, during which time it secured its Royal Charter status. He is Chairman of DRS Data & Research Services PLC and non-executive director of two other companies.



Howard Kerr
Chief Executive

N SR

Howard Kerr was appointed to the Board in November 2008 and assumed the position of Chief Executive in January 2009. After a period at Associated British Ports, his early career was spent in business development roles in the fields of shipping, logistics, and B2B marketing with Inchcape PLC in the UK, Japan, China and the Middle East. Subsequently he joined SHV Holdings NV where he held general management positions in the energy division, including Chief Executive of Calor Group Ltd, UK and Senior Vice President on the International Management Board of SHV Gas in the Netherlands.



Craig Smith FCCA
Group Finance Director

Craig Smith joined the Board as Group Finance Director in August 2011. A Chartered Certified Accountant, he began his career in 1985 with Coats Viyella PLC, undertaking finance roles in Australia, Spain, the UK, Morocco, Hungary and Finland. On his return to the UK in 1997 he was European Finance Director for two large American corporations in the product identification and printing ink industries. Immediately prior to joining BSI he was Group Finance Director of two UK-listed companies, Huntleigh Technology PLC from 2003 to 2007 and Management Consulting Group PLC from 2007 onwards.



Dr Scott Steedman CBE
Director of Standards

SP

Scott Steedman joined the Group in January 2012 from BRE Global and was appointed to the Board in October 2012. An engineer by background, he spent 20 years working in industry for consulting and contracting companies on major infrastructure and building projects around the world. Elected Vice-president Policy for the European Committee for Standardization (CEN) in November 2012, he is a former Vice-president of the Royal Academy of Engineering and of the Institution of Civil Engineers. He is Editor-in-Chief of Ingenia, the flagship magazine of the Royal Academy of Engineering and Non-executive Director of the Port of London Authority.



Anthony Lea
Senior Non-executive Director

A N R

Anthony Lea joined the Board as Non-executive Director in July 2007 and became Senior Non-executive Director in May 2008. Previously he served as a board member of the Anglo American Group and as Finance Director of Anglo American PLC until his retirement in 2005. He has extensive international operational experience in the UK, South Africa and North America. He was Non-executive Director of the Office of Fair Trading from 2008 until March 2014. He is Chairman of Blackrock World Mining Trust PLC and is also a Trustee of the Royal Air Force Benevolent Fund.



Dr Tom Gorrie
Non-executive Director

N SR

Tom Gorrie joined the Board as Non-executive Director in September 2009. He is a US citizen and resident and held numerous senior international positions at Johnson & Johnson during his 35 years with the corporation. Most recently he served as Corporate Vice-president, Government Affairs and Policy and as a Corporate Officer until his retirement in 2008. He is currently a Board Trustee of the Robert Wood Johnson Foundation, New Jersey, a Trustee of Duke University, North Carolina, and Chair of its Health System, and an adjunct professor of the Rutgers University Business School, New Jersey.

**Dr John Regazzi****Non-executive Director**

N R SR

John Regazzi joined the Board in July 2006. He is a US citizen and resident and former holder of several senior roles at Elsevier, a world leading provider of information solutions. He was also President and Chief Executive of Engineering Information Inc. He is Professor and Dean Emeritus of the College of Information and Computer Science of Long Island University. He is also Chairman of LawLogix Group Inc., Managing Director of Akoya Capital Partners, Chairman of Inflexion, Vice President of the Engineering Information Foundation and Chairman of the US Department of Commerce National Technology Information Service Advisory Board.

**Lucinda Riches****Non-executive Director**

A N R SP

Lucinda Riches was appointed advisor to the Board in May 2011 and Non-executive Director in May 2012. She was an investment banker for over 20 years at SG Warburg and its successor firms, ultimately as Global Head of Equity Capital Markets and a Board Member at UBS Investment Bank. She is Non-executive Director of UK Financial Investments Limited, which manages the UK Government's investments in financial institutions. She is also Non-executive Director of the Diverse Income Trust PLC, the Graphite Enterprise Trust PLC, CRH PLC, on the Partnership Board of King and Wood Mallesons LLP, and a Trustee of Sue Ryder.

**Alison Wood****Non-executive Director**

N R

Alison Wood joined the Board in September 2014, as Non-executive Director. She spent nearly twenty years at BAE Systems PLC in a number of strategy and leadership roles, including that of Group Strategic Director, and was the Global Director of Strategy and Corporate Development at National Grid PLC from 2008 to 2013. She has held Non-executive Director positions with BTG PLC and Thus Group PLC and is currently Non-executive Director and Chair of the Remuneration Committee at Cobham PLC and Costain PLC and Senior Independent Director of e2v PLC.

**Alicja Lesniak****Board Advisor**

A

Alicja Lesniak was appointed Board Advisor in October 2014. She has broad experience on a global level of the financial and commercial management of fast growing professional service businesses, having held senior positions at Arthur Andersen & Co., J Walter Thompson and Ogilvy & Mather at WPP Group PLC and then Omnicom before latterly being Chief Financial Officer of Aegis Group PLC from 2007 to 2009. She is also a Non-executive director and Chair of the Audit Committee at SThree PLC, Channel 4 Television Corporation and Next Fifteen Communications Group PLC.

**Tony Wales****Company Secretary**

Tony Wales joined BSI as Director of Legal Affairs and Company Secretary in January 2010. A qualified solicitor with significant international experience, he was a partner in a City law firm from 1986 to 1994 and practised commercial law in London, Hong Kong and Prague. Moving in-house in 1994 he was general counsel at The Economist Group where he became involved in online publishing and digital media. In 2002 he became general counsel at AOL Europe and, from 2007, at AOL International where he led worldwide legal affairs outside the USA. He is a past president of The Association of Corporate Counsel in Europe.

Committee membership

- A Audit Committee
- N Nominations Committee
- R Remuneration Committee
- SP Standards Policy and Strategy Committee
- SR Social Responsibility Committee
- Committee Chair

Group executive

The Group executive comprises:



Howard Kerr
Chief Executive



Craig Smith
Group Finance Director



Dr Scott Steedman CBE
Director of Standards



Jim Newell
Group Human Resources Director



Pietro Foschi
Group Strategic Delivery Director



David Brown
Director of Corporate Development



Mark Basham
Managing Director, BSI EMEA



Todd VanderVen
President, BSI Americas



David Horlock
Managing Director, BSI Asia Pacific

Operational executive

The Operational executive comprises the Group executive and:



Tony Wales
Director of Legal Affairs



Steve Cargill
Chief Information Officer



Tony Reilly
Group Marketing Director



Shirley Bailey-Wood MBE
Director, Information Solutions



Dr Gary Fenton
Global Product
Certification Director



Richard Keown
Global Director, Training



Dan Purtell
Senior Vice-President,
Governance, Risk and
Compliance Solutions



Gary Slack
Senior Vice-President
Global Healthcare Solutions



Marc Barnes
Global Director of Food



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