

# ARTICLES OF ASSOCIATION OF SGS SA, GENEVA

## TITLE I

### CORPORATE NAME – OBJECT – REGISTERED OFFICE – TERM OF THE COMPANY

#### Article 1

<sup>1</sup> By agreement among the owners of the shares hereinafter mentioned, a limited company incorporated as a société anonyme, which shall be governed by these articles and, for all instances not provided therein, by title XXVI of the Code of Obligations, is hereby formed.

<sup>2</sup> The name of this company is:

- SGS S.A.
- SGS Ltd.

#### Article 2

<sup>1</sup> The object of the company is to acquire and manage shareholdings and investments, in any form whatsoever, in companies providing services primarily in the field of surveillance, and especially the company SGS Société Générale de Surveillance S.A. in Geneva

<sup>2</sup> The company may also take up equity interests in any other commercial, industrial, financial and real estate companies.

#### Article 3

<sup>1</sup> The head office of the company is in Geneva.

#### Article 4

<sup>1</sup> The company is established for an indefinite period.

## TITLE II

### SHARE CAPITAL – SHARES

#### Article 5

<sup>1</sup> The share capital is fixed at the sum of CHF 7,822,436 and has been fully paid up.

<sup>2</sup> It is divided into 7,822,436 registered shares of CHF 1 each.

#### Article 5 bis

<sup>1</sup> The company has conditionally increased its share capital by a nominal amount of CHF 1,100,000 divided into 1,100,000 registered shares of CHF 1 each.

<sup>2</sup> The option or conversion rights which allow for the subscription of shares shall be granted to employees of the SGS Group who hold stock options and to creditors who hold convertible bonds or similar bonds which shall be issued by the company or by a company under its control, in one or more issues.

<sup>3</sup> The shareholders' preferential right of subscription is excluded in favour of employees of the SGS Group who hold stock options and to creditors who hold convertible bonds or similar bonds. The shareholders' preferential right to subscribe to convertible bonds is excluded.

<sup>4</sup> The board shall lay down the terms and conditions of convertible loans or other similar bonds, as well as the terms and conditions governing the exchange of the options held by the employees of the SGS Group. These instruments shall be issued on the market conditions prevailing at that time and the period during which the conversion rights may be exercised shall not exceed ten years from the date of issue.

#### Article 5 ter

<sup>1</sup> The board of directors is authorized to increase the share capital in one or more tranches up to a nominal value of CHF 500,000 divided into 500,000 registered shares of CHF 1 each.

<sup>2</sup> The board of directors shall be authorized to exclude the shareholders' preferential right of subscription, and to allocate the shares or the preferential right to subscribe to the shares to third parties in the case of an acquisition of a business or parts of a business, or the taking of a holding in a business or a company, or similar transactions.

<sup>3</sup> The board of directors shall fix the issue price and the other conditions of issue of the new shares which shall be issued on the market conditions prevailing at the date of their issue.

<sup>4</sup> The present article 5 ter shall be valid until 12 March 2017.

#### Article 6

<sup>1</sup> A share register shall be kept listing the shareholders of the company. The register shall record the name and address and, for legal entities, the registered office, shareholders and beneficial owners of registered shares.

<sup>2</sup> Upon request, persons who have acquired registered shares shall be entered in the register as shareholders with voting rights provided they expressly state that they have acquired these securities in their own name and for their own account. If the acquirer is not willing to make such a declaration, the board of directors may refuse to enter them on the register as having the right to vote.

<sup>3</sup> The possession of a share entails adherence to the articles of association of the company and the resolutions of the general meeting.

<sup>4</sup> Subject to paragraph 5, registered shares of the company are issued in the form of uncertificated securities (pursuant to the Swiss Code of Obligations) and as intermediated securities (pursuant to the Federal Act on Intermediated Securities (LTI)). The transfer of pledge rights on shares issued in the form of intermediated securities shall be carried out in accordance with the provisions of the LTI. The company may withdraw registered shares issued in the form of intermediated securities from the various depositaries.

<sup>5</sup> Following his or her registration in the share register, the shareholder may at any time request that the company prepare a statement of the registered shares that are held by him or her. However, the shareholder does not have the right to demand the printing and delivery of certificates. On the other hand, the company may at any time print and deliver certificates incorporating registered shares (individual certificates or certificates including several registered shares). It may withdraw registered shares issued in the form of intermediated securities from various depositaries. Provided the consent of the shareholder is given, the company may cancel the physical securities that have been delivered to him or her without replacing them.

<sup>6</sup> As far as the company is concerned, the shares are indivisible, and the company only recognises one holder for each share. Only persons entered in the register of registered shares are considered to be registered shareholders as far as the company is concerned. The registered shareholders entered in the register of shares must inform the company of any or all change of domicile; any or all notice sent by the company shall be deemed to have been validly sent to the last known address.

<sup>7</sup> The board of directors lays down the principles governing the registration of fiduciaries or „nominees“ and enacts the regulations that are necessary to comply with the foregoing provisions.

#### Article 7 (Repealed)

## TITLE III

### GENERAL MEETING

#### Article 8

<sup>1</sup> The general meeting is the supreme authority of the company.

<sup>2</sup> Its resolutions shall be binding on all the shareholders, even on those who are not present or represented.

<sup>3</sup> The board of directors or any shareholder may take legal action to contest resolutions of the general meeting which contravene the law or these articles, as provided for by articles 706 and 706a of the Swiss Code of Obligations.

#### Article 9

<sup>1</sup> The general meeting of shareholders has the following powers, which are not transferable:

- 1) to adopt or amend the articles of association;
- 2) to appoint, for a period of one year until the date of the next ordinary meeting of shareholders and through individual votes: (i) the chairman of the board of directors, (ii) the other members of the board of directors, (iii) the members of the remuneration committee from among the members of the board, (iv) the independent representative, and (v) the auditing body;
- 3) to approve the annual report and the group accounts;
- 4) to approve the annual accounts and to determine the allocation of the profit resulting from the balance sheet and in particular to fix the dividends;
- 5) to approve the remunerations of the board of directors and executive management;
- 6) to grant release to the members of the board of directors;
- 7) to pass any or all resolutions which by law or the articles are to be decided by the general meeting.

#### Article 10

<sup>1</sup> The ordinary general meeting shall be held every year within six (6) months after the close of the financial year.

<sup>2</sup> Extraordinary general meetings may be called whenever they are deemed necessary.

<sup>3</sup> The following provisions apply to ordinary and extraordinary general meetings.

#### Article 11

<sup>1</sup> The general meeting shall be convened by the board of directors and, if necessary, by the auditors, the liquidators or the representatives of bondholders.

<sup>2</sup> One or more shareholders representing together at least one tenth of the share capital may also request the calling of a general meeting.

<sup>3</sup> The placing of an item on the agenda by shareholders representing shares totalling a nominal value of fifty thousand (50,000) francs can only be considered if the request reaches the company at least forty (40) days before the general meeting.

<sup>4</sup> The convening of a shareholders' meeting and the placing of an item on the agenda must be requested in writing setting out the items for discussion and any proposals.

#### Article 12

<sup>1</sup> The general meeting shall be convened at least twenty (20) days before the date of the meeting by letter sent to the shareholders entered in the register of registered shares.

<sup>2</sup> The items on the agenda and also the proposals of the board of directors and of the shareholders who have requested the convening of the meeting or the placing of an item on the agenda shall be stated in the invitation to attend.

<sup>3</sup> The invitations to attend the ordinary general meeting must inform the shareholders that the management report, the auditors' report as well as the annual report on remuneration shall be placed at the shareholders' disposal at the company's registered office at the latest twenty (20) days before the general meeting.

#### Article 13

<sup>1</sup> The following are permitted to attend the general meeting and exercise voting rights:

- holders of registered shares entered in the register of registered shares.

<sup>2</sup> The board of directors shall lay down the terms and conditions governing admission to the general meetings.

<sup>3</sup> A registered shareholder may only have his/her/its registered shares represented by another registered shareholder who has a written proxy or by the independent representative.

#### Article 14

<sup>1</sup> The general meeting shall be chaired by the chairman of the board of directors or, failing this, by another member of the board of directors.

<sup>2</sup> The chairman shall appoint the secretary.

#### Article 15

<sup>1</sup> The board of directors shall ensure that the shareholders have the possibility of giving instructions to the independent representative on any proposal mentioned in the invitation to attend and relating to the items on the agenda.

<sup>2</sup> It shall ensure that the shareholders have the possibility of giving general instructions to the independent representative on any unannounced proposals relating to items on the agenda and on any new items presented during the meeting (article 700, paragraph 3 of the Swiss Code of Obligations).

<sup>3</sup> It shall also ensure that the shareholders have the possibility of granting powers and giving instructions electronically to the independent representative. The board of directors shall define the methods to be used for the foregoing.

#### Article 16

<sup>1</sup> The general meeting shall be validly formed regardless of the number of shares represented.

<sup>2</sup> It adopts its resolutions by an absolute majority of the votes attributed to the shares represented.

<sup>3</sup> If a second ballot is necessary, a relative majority shall be sufficient.

<sup>4</sup> (Repealed)

<sup>5</sup> The provisions of article 704 of the Swiss Code of Obligations shall nonetheless apply.

<sup>6</sup> In the event of an equal number of votes, the outcome shall be considered to be negative, since the chairman does not have a casting vote.

#### Article 17

<sup>1</sup> Minutes of the sessions of the general meeting shall be drawn up in accordance with the provisions of article 702 para. 2. of the Swiss Code of Obligations.

<sup>2</sup> The minutes shall be signed by the chairman and the secretary of the meeting.

<sup>3</sup> Any extracts of the minutes that are issued shall be certified by a member of the board of directors.

## TITLE IV

### BOARD OF DIRECTORS

#### Article 18

<sup>1</sup> The company shall be administered by a board of directors which shall be comprised of at least three members and at most twelve members who are elected by the general meeting.

<sup>2</sup> If a vacancy occurs in the position of chairman of the board of directors, the board of directors shall be authorized to appoint one of its members as the chairman for the remainder of the term of office.

<sup>3</sup> The board shall appoint its secretary, who may be chosen from outside the board.

#### Article 19

<sup>1</sup> The term of office of the members of the board of directors shall be for one (1) year, until the date of the next ordinary general meeting.

<sup>2</sup> They may be re-elected indefinitely.

#### Article 20 (Repealed)

#### Article 21

<sup>1</sup> The board of directors shall meet as often as required by the company's business, but at least once every six months.

<sup>2</sup> It is convened at the request of a member of the board of directors, who shall set forth the reasons for convening the meeting.

<sup>3</sup> Resolutions of the board shall be adopted by a majority of the votes cast, abstentions being disregarded, provided however:

- a) that the members present at the meeting form the majority of the board,
- b) that the votes cast correspond to at least 50 % of those of the board as a whole.

<sup>4</sup> However, no quorum is required to complete formalities concerning capital increases and the relating amendments to the articles of association.

#### Article 22

<sup>1</sup> A record of the board's resolutions shall be kept.

<sup>2</sup> The minutes of every meeting shall be signed by the chairman and the secretary. It shall name the members present.

<sup>3</sup> Resolutions carried by the board may also be adopted in the form of a written assent to a motion, unless one of its members requests a discussion thereon. They must be entered in the minutes.

#### Article 23

<sup>1</sup> The board of directors has the widest powers with regard to the management of the company. It exercises all the rights which are not incumbent upon the general meeting and other corporate bodies of the company.

<sup>2</sup> Subject to the provisions of Article 716a para. 1 of the Swiss Code of Obligations, the board of directors may delegate all or part of the management of the company to one or more members of the board of directors or to third parties who need not necessarily be shareholders. The board of directors shall draw up the organisational regulations.

<sup>3</sup> The board may entrust certain of its duties to permanent or ad-hoc committees which may be comprised of members of the board of directors.

<sup>4</sup> The delegation of tasks and responsibilities shall be laid down in the internal regulations of the company.

#### Article 24

<sup>1</sup> The board of directors shall appoint the persons authorized to represent and bind the company in dealings with third parties, and confer upon them an individual or joint signing authority. It shall appoint proxies and other representatives of the company.

## TITLE V

### REMUNERATION COMMITTEE

#### Article 25

<sup>1</sup> The board of directors shall have a remuneration committee which shall be comprised of at least two members who have been elected individually by the general meeting from among the members of the board.

<sup>2</sup> The term of office of the members of the remuneration committee shall be of one (1) year until the date of the following ordinary general meeting. They may be re-elected.

<sup>3</sup> The board of directors shall appoint the chairman of the remuneration committee. As far as the other members are concerned, the remuneration committee shall establish itself. The organisation, running and reporting of the remuneration committee shall be laid down by the board of directors in the internal regulations of the company. In the event of a vacancy within the remuneration committee, the board of directors shall appoint the member or members required to fill the vacancy or vacancies from among its members for the remainder of the relevant term of office.

<sup>4</sup> The remuneration committee shall have the following duties and powers (principles):

- 1) Make recommendations to the board of directors concerning the remuneration amount and conditions of the members of the board of directors and executive management, before they are submitted to the general meeting;
- 2) Made recommendations to the board of directors concerning guidelines with regard to remuneration to be applied within the company and Group under its control;
- 3) Lay down, within the framework of the limits of these articles of association, the terms and conditions governing plans to allot shares, or option or conversion rights, or other financial instruments whose underlying interests are the shares of the company, in favour of employees of the Group and members of the board of directors;
- 4) Approve, within the framework of the limits laid down by these articles of association, the contractual terms and conditions of hiring of the Managing Director and the other members of executive management;
- 5) Draw up the report on remuneration.

<sup>5</sup> The board of directors may delegate additional powers and tasks to the remuneration committee.

<sup>6</sup> The remuneration committee shall have access to the company's human resources department and shall be authorised to appoint independent remuneration advisors to assist it in exercising its duties.

## TITLE VI

### AUDITING BODY

#### Article 26

<sup>1</sup> The general meeting shall elect one or more auditors in accordance with article 727 of the Swiss Code of Obligations.

## TITLE VII

### EXTERNAL TERMS OF OFFICE

#### Article 27

<sup>1</sup> The members of the board of directors may take up ten offices at the most in higher management or administrative bodies of third-party legal entities, including five offices at the most in higher management or administrative bodies of third-party legal entities whose equity securities are listed on a stock exchange.

<sup>2</sup> The members of executive management may take up four offices at the most in higher management or administrative bodies of third-party legal entities, including one office at the most in higher management or administrative bodies of third-party legal entities whose equity securities are listed on a stock exchange.

<sup>3</sup> Terms of office within entities which form part of the SGS Group or which are carried out at the request of the company shall not be taken into account when calculating the aforementioned maximum number of terms of office.

<sup>4</sup> In addition to the terms of office mentioned in paragraphs 1 and 2 of this article, the members of the board of directors and executive management may take up ten offices at the most in higher management or administrative bodies of associations, foundations and third-party non-profit or charitable legal entities.

<sup>5</sup> Terms of office which are carried out for legal entities that are directly or indirectly controlled by a same person or legal entity or under common control or at the request of one of the said persons or legal entities shall be deemed to constitute one single term of office for the purposes of this provision.

<sup>6</sup> The consent of the board of directors shall be required if members of executive management wish to accept terms of office outside of the SGS Group.

## TITLE VIII

### REMUNERATION – LOANS AND CREDITS

#### Article 28

<sup>1</sup> The non-executive members of the board of directors shall receive a fixed remuneration from the company. The amount of the remuneration shall depend on the tasks performed within the board of directors and in particular their participation in the committees of the board of directors. The remuneration of the executive members of the board of directors is governed by the provision in the articles of association concerning the remuneration of executive management.

<sup>2</sup> The board of directors may decide that all or part of the directors' remuneration is paid by an allotment of shares of the company. In such a case, the board of directors shall decide on the terms and conditions of such an allotment which must be evaluated on the market conditions prevailing when the allotment is made.

<sup>3</sup> The members of the board of directors shall be entitled to have the costs incurred in the interests of the company refunded. Costs shall not form part of their remuneration.

#### Article 29

<sup>1</sup> The members of executive management shall receive a fixed remuneration from the company and, where applicable, a variable remuneration and, where applicable, a long-term incentive plan.

<sup>2</sup> The fixed remuneration shall include an annual basic salary, the employer's contributions to the employees' pension fund and/or health and life insurance contributions, benefits in kind and possible seniority bonuses or bonuses that are linked to a particular event in an equal manner for all employees.

<sup>3</sup> The variable remuneration of the members of executive management shall be fixed in line with the financial or non-financial objectives set by the board of directors to take into account an exceptional individual performance of the members of executive management, within the limits voted by the general meeting.

<sup>4</sup> The annual variable remuneration may be paid in cash or by the allotment of shares or option or conversion rights or other financial instruments whose underlying interests are the shares of the company, as such a distribution is decided by the board of directors. The portion of the annual variable remuneration paid in another manner than in cash shall be appreciated at the market conditions prevailing when the allotment is made.

<sup>5</sup> The board of directors may implement long-term incentive plans in order to motivate executives to reach strategic objectives for a period which exceeds one year. Such plans may provide for the allotment of shares or option or conversion rights or other financial instruments whose underlying interests are the shares of the company, which are contingent upon the objectives set by the board of directors being reached. The board of directors shall have the power to lay down the terms and conditions of such plans and the total costs for the company should not exceed the amount approved by the general meeting.

#### Article 30

<sup>1</sup> A contract of employment or a term of office which is entered into with a member of the board of directors or executive management and providing for the latter's remuneration may be for a fixed period of time of a maximum of twelve months or for an undefined period of time with a maximum of twelve months' notice.

#### Article 31

<sup>1</sup> Acting on a proposal from the board of directors, the general meeting shall annually and separately approve:

- 1) The overall maximum amount of the remuneration and the other fees which may be paid to the board of directors for the period until the following ordinary general meeting;
- 2) The overall maximum amount of the fixed remuneration which may be paid to executive management for the following financial year;
- 3) The overall amount of the variable remuneration which may be paid to executive management for the financial year prior to the general meeting; and
- 4) The overall maximum amount which shall be granted to executive management during the current year in relation to any or all long-term incentive plan.

<sup>2</sup> The board of directors may submit remuneration proposals concerning different periods and/or regarding all the members of the board of directors or executive management or only certain of them to the general meeting.

<sup>3</sup> The vote of the general meeting on the remuneration proposals shall be binding. If the general meeting does not approve a remuneration proposal made by the board of directors, the latter shall submit an alternative proposal for approval by the same general meeting or by a subsequent extraordinary general meeting.

<sup>4</sup> As permitted by law, the payment of compensation to remunerate the work of members of the board of directors or executive management in companies that are directly or indirectly controlled by the company, in accordance with the principles laid down by the bodies of these companies, shall be authorized. The remunerations paid by the companies which are directly or indirectly controlled by the company shall be included in the amount of the remuneration which is submitted for approval to the general meeting in accordance with this provision.

<sup>5</sup> The board of directors shall be authorized to increase the overall maximum amount which has been approved by the general meeting by a maximum of 25 %, in order to pay the

remuneration of persons who have been appointed to executive management after the approval of the remuneration of the members of executive management by the general meeting.

<sup>6</sup> The company or companies that the latter directly or indirectly controls may pay remunerations before they are approved by the general meeting provided they are approved at a later date by the general meeting and provided there is an obligation to repay on the part of the body in question.

<sup>7</sup> Insofar as part of the remuneration is paid in a currency other than the currency used by the company, the amounts that are approved by the general meeting must be automatically adjusted to take into account variations in the exchange rate during the year.

#### Article 32

<sup>1</sup> Loans and credits to a member of the board of directors or executive management may only be granted on market conditions and may not, when they are granted, exceed the most recent total annual remuneration of the member in question.

## TITLE IX

### ANNUAL ACCOUNTS – RESERVE FUND – DIVIDEND

#### Article 33

<sup>1</sup> The company's financial year begins on the first day of January and ends on the thirty-first day of December of each year.

#### Article 34

<sup>1</sup> In accordance with articles 957 et seq of the Swiss Code of Obligations, the annual accounts of the company shall be prepared annually and closed at the thirty-first day of December.

<sup>2</sup> Revenue shall first of all be used to pay overheads, expenses and any or all other charges of the company. The board of directors has authority to determine the amortizations which should be made before closing the accounts. The surplus constitutes the profit.

#### Article 35

<sup>1</sup> Subject to the mandatory provisions of the law, the general meeting shall freely decide on the allocation of the profit resulting from the balance sheet and the reserves established for such purpose.

### Article 36

<sup>1</sup> The payment of the dividend takes place at the time fixed by the board of directors. Any dividend not claimed within five years from its due date is statute barred as of right in favour of the company and entered in the reserve account.

## TITLE X

### LIQUIDATION

#### Article 37

<sup>1</sup> In the event of dissolution of the company for reasons other than its bankruptcy or an order of the court, the liquidation shall be carried out by the management in office, under the supervision of the board of directors, unless the general meeting decides otherwise.

#### Article 38

<sup>1</sup> During the liquidation, the powers of the company's corporate bodies are limited to those acts which are necessary for the said liquidation and which, by their nature, do not fall within the remit of the liquidators.

<sup>2</sup> The general meeting of shareholders retains the right to approve the liquidation accounts and to grant discharge in respect thereof.

<sup>3</sup> The liquidator or liquidators are authorized to sell by private sale, if they deem it advisable and unless there

is a resolution to the contrary by the general meeting, any real estate which may belong to the company. They may, by virtue of a resolution of the general meeting, transfer to third parties, against payment or other consideration, the assets and liabilities of the dissolved company.

<sup>4</sup> The assets available after the liabilities have been paid shall first be used to refund the paid-in share capital. The balance, if any, shall be distributed to the shareholders.

## TITLE XI

### PUBLICATIONS – PLACE OF JURISDICTION

#### Article 39

<sup>1</sup> The publications of the company are validly made in the Swiss Official Trade Journal.

#### Article 40

<sup>1</sup> Any or all disputes which may arise during the term of the company or its liquidation, either between the shareholders and the company or the members of its board of directors, managers, representatives, proxies, liquidators or other representatives or auditors, or between the shareholders themselves, regarding the company's business, shall be referred to the courts of the place where the company has its registered office.



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WHEN YOU NEED TO BE SURE

