SGS INVESTOR DAYS 2019

CBE BUSINESS TRANSFORMATION

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WHEN YOU NEED TO BE SURE
CBE STRATEGY EVOLUTION

EVOLUTION OF THE CBE STRATEGY

To leverage our vast certification / auditing experience and data to develop specific Business Enhancement business lines: Training, Supply Chain Risk Management, Technical Consulting and Performance Assessment to provide a complete customer solution.

2000 - 2018

CLIENT DRIVER: COMPLIANCE

Strategy: Service Focus
- Management system certification
- Standards implementation training

2019 +

CLIENT DRIVER: STRATEGIC VALUE TRANSFORMATION

Strategy: Risk based approach to help proactively manage risk and create economic value through process optimization

CBE STRATEGY CHANGE DRIVERS
- Data Driven Insights
- Technical Consulting

CUSTOMER NEEDS
- Compliance & Risk Mitigation
- Business Intelligence
- Learning & Development
- Transparency
- Assurance
- Strategic Value Transformation
BUSINESS TRANSFORMATION

KEY ELEMENTS

Certification
Meet supply chain requirements and to better manage organizational exposures to key risk areas

BE Engine
Apply advanced data analytics technology to data related to certification to identify key areas of weakness in product and processes

Technical Consulting
Systematic focus on an organization's processes and supplier network to drive 'continuous improvement' in costs, cash and growth.

Training
Support understanding and implementation of certification standards, meeting compliance requirements as well as optimize employee performance and operational efficiency through learning & development

Supply Chain Risk Management
Outsourcing the management of an organization's suppliers / supply chains through a digital platform which identify risk and monitor their performance.

Performance Assessment
Supplier / supply chain audits to ensure compliance to industry or and organizations own specific requirements for products and processes.

BUSINESS INTELLIGENCE
ANALYTICS
INTELLIGENCE
ACTIVATION

LEARNING & DEVELOPMENT
INDUSTRY
COMPLIANCE

TRANSPARENCY & ASSURANCE
QUALITY
SUSTAINABILITY
ENVIRONMENTAL

COMPLIANCE & RISK MITIGATION

39 INDUSTRIES
200K CUSTOMERS
100K AUDITS

STRATEGIC VALUE OPTIMIZATION
LEANIS
MAINE POINTE

GOVERNANCE
PERFORMANCE
INTELLIGENCE
SGS

EVOlUTION OF THE CBE PORTFOLIO MIX

SGS DATA GROWTH & REVENUE SPREAD

- CERTIFICATES ISSUED
- C REVENUE %
- BE REVENUE %

SGS MILESTONES

- 30+ CERTIFICATION STANDARDS
- 39 INDUSTRIES
- 500,000 CERTIFICATES ISSUED
- 1,000,000+ AUDITS PERFORMED

Strategic Value Transformation

BE REVENUE: 50%

BE REVENUE: 40%

950,000
THE BE ENGINE PROCESS

1. CBE PILLARS
Integrating products and services in Certification, BE Engine, and Business Enhancement to help customers complete C to BE journey and achieve total business transformation.

2. IMPLEMENTATION
Using data from certification audit nonconformities to generate insights regarding pain points and risks; identify solutions that can drive business growth and economic performance.

3. TRANSFORMATION
Leveraging tailored solutions designed to improve operational processes, implement effective management system, and drive business growth.
BE ENGINE FOCUS AREAS:

• Using data to identify pain points and develop solutions.
  • Global Audit Performance Monitoring
  • Top Nonconformity Trend Analysis
• Positioning data to support existing products.
  • Customized Solution Recommendation
  • Process Optimization
• Commercializing the data of the BE engine for business intelligence solutions.
  • Industry Benchmark Insights
  • Economic Performance Monitoring
  • Root Cause Analysis / Risk Assessment
The risk-based approach applies controls according to the likelihood and potential impact of a risk event. After assessment of risk exposures in various areas (management & strategy, operations, supply chain, etc.) and estimated economics impacts, SGS Business Enhancement solutions are designed to proactively reduce likelihood of risk events through elimination of pain points, and improvement of process.
Supply chains are getting longer and ever more complex. Brands and retailers need to find innovative ways to monitor suppliers in every tier of their supply network to ensure products are safe, comply with regulations, and are high-quality.

Long supply chains create challenges for manufacturers. While a business may effectively monitor suppliers in the first tier, this becomes progressively more difficult as they move down the supply chain. The problem is exacerbated when the supply chain is international; crossing borders will make it accountable to a variety of different laws and regulations, increasing the possibility of non-compliance and geo-political risk.

5 KEY SUPPLY CHAIN RISKS

- PRODUCT QUALITY & SAFETY
- ENVIRONMENT, HEALTH & SAFETY
- CORPORATE RESPONSIBILITY
- TRANSPORTATION SECURITY
- PROCUREMENT & LOGISTICS COST
SGS STRATEGIC PLAN: 2020+
- Upsell Technical Consulting within target SGS industry sectors
- Utilize Maine Pointe’s analytics capability
- Cross sell and upsell Maine Pointe’s services to SGS existing client base

BUSINESS OBJECTIVES
- Quality & Safety
- Productivity
- Operational Efficiency
- Lean Management & Strategy
- Sustainability & Social Responsibility
- Lean Manufacturing
- Project Management
- Strategic Procurement
- Logistics Planning
- Process Improvement
- Economic Value Optimization
- Environmental, Sustainability
- Risk Areas: Quality, Environmental, Sustainability

BE ENGINE PROCESS
- SMEs
- MED – LARGE
- GLOBAL

BE ENGINE SOLUTIONS
- Training
- Performance Assessments
- Supply Chain Risk

+ ECONOMIC VALUE CREATION -
What we do

As specialists working across procurement, logistics, operations, leader & organization and data analytics uniquely positioned to help clients accelerate measurable improvement across the buy-make-move-fulfil supply chain.

How we do it

Our hands-on implementation work with senior executives and their teams moves performance by accelerating and uplifting performance through TVO™. Six to eight-week analysis, followed by a six to ten-month engagement.

Core Benefits

Accelerated, sustainable improvements, measurable bottom line results

Cost ● Cash ● Growth

*TVOW – Total Value Optimization
TVO™ METHODOLOGY IMPACTS ENTIRE SUPPLY CHAIN FOCUSED ON VALUE CREATION

TOTAL VALUE OPTIMIZATION PYRAMID

END TO END SUPPLY CHAIN COVERAGE

Inbound logistics & procurement

Outbound logistics

Supplier’s suppliers

Suppliers

Customer’s customer

Operations

Customers

Inbound supply chain

Data

Outbound supply chain

TVO

AWARDS, ACCREDITATIONS AND COLLABORATIONS
STANDARD ANALYSIS STRUCTURE IN FIVE KEY MEETINGS

1. Opening meeting
2. Kickoff
3. Interim update
4. Decision brief
5. Final meeting

Daily to every other day briefings with decision maker builds trusted advisor relationship

- Analyze
- Quantify
- Implementation Road Map

- Prelaunch
- Weeks 1-3
- Weeks 4-6

Effective up front Analysis and Due Diligence work helps achieve measurable ROI for clients during implementation

- Analysis: 95%
- Due Diligence: 20%

Conversion Guarantee typically achieved

TOTAL ROI DELIVERED 4:1 – 8:1

Note: Analysis duration varies based on client needs (typically 4-8 weeks)
A successful operational improvement engagement for a PE backed business led to ‘More Work’ in the procurement and operations functions of two more divisions, with $65m of combined savings.

**THE SITUATION**

- A private equity owned technology-driven industrials group, engaged Maine Pointe to infuse best practices and operational excellence across the entire organization and to develop the management team to enable them to take control of their business and drive performance improvements.
- The engagement expanded into 5 separate engagements in 3 divisions as demands were received from a number of legacy customers for price roadmaps, as new competition threatened the market position, resulting in the private equity owners engaging Maine Pointe to implement rapid and sustainable changes to the cost structure.

**THE SOLUTION**

- **Operations:**
  - Conducted formal training and on-the-floor coaching with Supervisors and Managers.
  - Sized the workforce in each area appropriate to the new Master Schedule.
  - Provided tools to track continued successes.
- **Procurement:**
  - Leverage spend across multiple categories.
  - Formalized supplier relationships through long-term agreements.
  - Trained cross functional teams.
  - Installed a Management Operating System and Master Production Schedule.
  - Negotiated improved terms with existing vendors.

**THE RESULTS**

- **Operations:**
  - Reduced the workforce by >30% and transformed the culture.
  - Achieved a 31% overall productivity improvement, with direct labor productivity increasing by 25-53% at each client site.
- **Procurement:**
  - Made immediate savings with incumbent suppliers of 10% YoY on direct materials costs.
  - Reduced manufacturing costs by 10%, raw materials 5%.
  - Reduced working capital by $100,000.
Maine Pointe delivers measurable results, **breaking through functional barriers** across the buy-make-move-fulfill supply chain to help clients **deliver the greatest value to customers** and investors at the **lowest cost to business**

**The Maine Pointe difference**

1. **Our unique 100% engagement fee guarantee** mitigates the risk of the investment required to capture value.
2. **Our robust analysis methodology** is focused on quantifying EBITDA & cash improvement.
3. **Our pragmatic Total Value Optimization™ Model** provides a path for achieving high performance.
4. **Our use of subject matter experts** (SMEs) with deep, specialized experience establishes strong credibility and deep insights to achieve measurable results.
5. **Our Leader and Organization Improvement** (LOI) approach ensures sustainable change.
6. **Our data analytics** supply chain expertise drives actionable insights at the intersection of procurement, logistics and operations.

*We endeavor to underwrite all engagements with a guarantee based on annualized savings. Subject to the findings in our analysis, there may be circumstances when we will adjust this guarantee.*
VISION: The World’s Most Sought After Supply Chain And Operations Consulting Organisation

Strategy

1. Existing clients Combined Organizations
2. New Clients
3. Geographic Expansion w/ Deconstructed TVO™
4. Industry Depth & Expansion
5. TVO™ Global Branding, Positioning
6. New channels

2019 Q4 & 2020
- Penetrate mutual existing & net new customers
- Leverage market sector data (i.e. Food & Bev.)
- TVO™ Due Diligence for PE and M&A

2020
- Europe expansion and penetration
- Deconstructed TVO™ for Asia Pacific
- Enter Asia Pacific in China
  - Existing MP & SGS personnel
  - Acquire potential