SUSTAINABLE
& productive

SUSTAINABILITY HIGHLIGHTS 2013
ABOUT THIS REPORT. We are aware that our various stakeholders are interested in different information from our Sustainability Report. To provide our readers with the information they need, and to help us cover the depth of content required for the new Global Reporting Initiative (GRI) ‘G4’ Sustainability Reporting Guidelines, we have produced an online Sustainability Report and this shorter ‘Highlights’ document. 

www.sgs.com/cs-report2013

This document is designed to give an overview of sustainability at SGS in 2013, covering our key sustainability performance as well as case studies showing a range of our initiatives.

We identified the topics to focus on in our reporting using our 2013 materiality assessment. Since ‘Sustainability Services’ (the services we provide to our customers to help them manage their sustainability performance) is a material topic, we have included both case studies from our operations and our services (denoted by ☑️) under our four sustainability pillars: PROFESSIONAL EXCELLENCE, PEOPLE, ENVIRONMENT and COMMUNITY. Read more about our materiality process and our 2013 performance online. 🌐 www.sgs.com/cs-report2013

MATERIALITY MATRIX
JOINT STATEMENT
FROM OUR CHAIRMAN AND CHIEF EXECUTIVE OFFICER

OUR CONTRIBUTION TO SUSTAINABILITY

PERFORMANCE

PROFESSIONAL EXCELLENCE

PEOPLE

ENVIRONMENT

COMMUNITY

ASSURANCE STATEMENT

CLOSING REMARKS

ONLINE YOU WILL FIND:
OUR OVERALL APPROACH TO SUSTAINABILITY
OUR APPROACH, PERFORMANCE AND FUTURE COMMITMENTS FOR EACH MATERIAL TOPIC
A DATA BANK OF OUR PERFORMANCE
DETAILS OF OUR STAKEHOLDER ENGAGEMENT
OUR MATERIALITY PROCESS
THE GRI CONTENT INDEX AND OUR ASSURANCE STATEMENTS
WWW.SGS.COM/CS-REPORT2013

FEEDBACK
Please share your comments on this report and our overall sustainability approach by using the link available at www.sgs.com/cs-report2013 to access a short survey. Alternatively you can contact a member of our Corporate Sustainability team at corporate.sustainability@sgs.com.
DEAR STAKEHOLDERS,

2013 saw another year of growth fuelled by strong performance in most business lines and an active programme of acquisitions. Despite persistent economic challenges in Europe and in the global minerals sector, we achieved organic growth of 4.4% over prior year (constant currency basis) and a stable adjusted operating margin of 16.8%.

We made significant progress on our sustainability journey. SGS was recognised by the Carbon Disclosure Project for its transparent reporting of carbon data, resulting in the company being listed in the Climate Performance Leadership Index. Our programme on energy efficiency includes 75 projects worldwide. The range of these projects, including simple but effective upgrades of lighting systems in Taiwan and South Africa, investment in solar energy in India, and the installation of a whole new energy system in Germany, demonstrates the power of tailored solutions to achieve carbon savings. We complement technical solutions with behavioural change; our ‘Doing more with Lëss’ campaign was extended to five more countries to encourage employees to save energy and resources.

It is widely understood that the true value of a company is determined not only by its financial results but also by its concern for its people, its impact on the environment and its engagement with local communities. Our unique Green Book – an innovative tool in the market, measuring the triple bottom line of sustainability performance – enables us to manage a diverse range of sustainability issues, such as electricity consumption and employee turnover, on an equal footing by translating them into financial values. These are estimated to be equivalent to 7% of our revenue in trend countries.

Other highlights of the year include more than 42,000 employees and contractors participating in our first global Safety Day, which focused on considering the safety of others. Over 1,700 people in 31 countries competed in the Global Corporate Challenge to improve their physical health and wellbeing.

We are proud to have an engaged and motivated workforce. The expansion of our annual employee survey saw 26,000 colleagues in 21 countries sharing feedback and the results reveal that employee engagement has improved against 2012. Our unique Sustainability Engagement Index shows that 75% of employees who completed the survey are aware of how sustainability supports our business growth. Our sustainability performance is driven by the colleagues in our affiliates who support our shared goals through almost 200 local projects.

Despite the importance of tackling sustainability issues in our own operations, we are aware that SGS can have a much larger impact by helping customers to respond to the most critical sustainability challenges of our time. From reducing carbon to restoring trust in global food chains and ensuring the safety of new technologies, we must continue to offer innovative solutions that exceed customer expectations.

We would like to thank every one of our 80,000 employees for their passion, innovative spirit and entrepreneurship. Together, we will contribute to a more sustainable society.

Sergio Marchionne
Chairman of the Board

Christopher Kirk
Chief Executive Officer
SGS IS LISTED IN THE CLIMATE PERFORMANCE LEADERSHIP INDEX.

Our programme on energy efficiency includes 75 projects worldwide.
OUR CONTRIBUTION TO SUSTAINABILITY

ENERGY EFFICIENCY IN BUILDINGS

Our Energy Efficiency in Buildings programme aims to reduce CO₂ emissions from SGS laboratories and offices through investment in more efficient lighting, heating and air conditioning systems, and exploring the options for renewable energy.

DOING MORE WITH LÈSS

Our ‘Doing more with Lèss’ campaign encourages our employees to reduce energy and resource consumption.

PERSONAL PROTECTIVE EQUIPMENT

We require all employees to wear the correct Personal Protective Equipment.

WE AIM TO MINIMISE AND REUSE OUR WASTE WHEREVER POSSIBLE

As a respected global brand we rigorously monitor the use of the SGS name and logo as part of our corporate brand monitoring.
We test detergents to check their efficacy and monitor substances that may be hazardous to health or the environment.

We test water quality from domestic taps to check it is safe to drink.

We test components of electric cars, such as batteries, to support safety, reliability and eco-innovation. We inspect new and used vehicles to ensure they are safe to drive.

We test the performance and reliability of wireless communications and monitor electromagnetic radiation from devices.

We test the quality of water from domestic taps to check it is safe to drink.

We provide the energy industry with services to increase efficiency and support the safety and security of energy supply, including the use of renewable energy.

We test toys for chemicals and restricted substances in compliance with the chemical provisions under the new European Union Toy Safety Directive.

We test the performance and reliability of wireless communications and monitor electromagnetic radiation from devices.

We test components of electric cars, such as batteries, to support safety, reliability and eco-innovation. We inspect new and used vehicles to ensure they are safe to drive.

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Our shared goals are targets which define our strategy and are the responsibility of every employee. Our Green Book tracks performance on these goals. We have comprehensive initiatives covering each of these areas and have achieved considerable progress, but our performance has not fully met our ambitions given the important growth our company has enjoyed. With a rapid increase in revenue and an extra 17,000 people joining our company since our targets’ baseline year of 2010, we recognise that our action on sustainability must be more aggressive. We will strengthen our efforts in 2014 by developing a new 2020 sustainability action plan. This will provide a clear path to achieve our new shared goals for 2020.

In addition to our shared goals, we also made a series of more specific commitments for 2013; please see our online Sustainability Report for performance on each of these, and a full listing of our commitments for 2014, at www.sgs.com/cs-report2013. Our complete 2013 data is available at www.sgs.com/cs-databank. Unless stated otherwise, data covers our trend countries, representing three-quarters of revenue and two-thirds of headcount.

### Professional Excellence

**Employees completing sustainability e-learning**

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>9,488</td>
<td>6,594</td>
<td>1,941</td>
<td></td>
</tr>
</tbody>
</table>

**TARGET** 100% of employees completing SGS sustainability e-learning by 2014.

**IN 2013** 31% of employees have completed the e-learning over the past three years.

**FOR 2014** Revise the sustainability e-learning modules in line with our new sustainability plan and sustainability targets, for launch in 2015.

### Code of Integrity*

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code of Integrity Reports to Helplines</td>
<td>150</td>
<td>168</td>
<td>198</td>
<td>200</td>
</tr>
<tr>
<td>Code of Integrity Investigations</td>
<td>53</td>
<td>52</td>
<td>91</td>
<td>141</td>
</tr>
<tr>
<td>Code of Integrity Non-Compliances</td>
<td>29</td>
<td>22</td>
<td>46</td>
<td>36</td>
</tr>
<tr>
<td>Employees Signing the Code of Integrity</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*This figure covers all affiliates in which SGS operates, not just trend countries.

PEOPLE

Natural turnover
% of employees who leave SGS each year of their own will

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural turnover</td>
<td>13.8</td>
<td>13.7</td>
<td>14.2</td>
<td>14.2</td>
<td>14.2</td>
</tr>
</tbody>
</table>

TARGET: Natural turnover <14% by 2014.

IN 2013
Natural turnover has increased by 3.6% against 2012 to 14.2%, and remains one of the highest areas of spend in our Green Book. This figure reflects more accurate reporting from certain affiliates. Performance varies between affiliates, with turnover remaining low in Europe due to the economic situation and increasing slightly in countries where it has been high historically. In one of our affiliates the increase can be explained by office relocation. Through our programmes to ensure we recruit the right people, integrate and develop them, we expect turnover to fall.

FOR 2014
Various Human Resources commitments ultimately relate to reducing turnover, for instance: monitor employee feedback on SHINE (our onboarding programme) using the 2013 baseline, on a continuous basis.

Training ratio
% of total employment costs spent on training (includes safety training hours)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training ratio</td>
<td>0.62</td>
<td>0.72</td>
<td>0.69</td>
<td>0.72</td>
<td>&lt;1.0</td>
</tr>
</tbody>
</table>

TARGET: Training costs as a percentage of total employment costs to be 1.0% by 2014.

IN 2013
This ratio has increased by 4.3% against 2012 to 0.72%. The average hours spent on training per employee has increased by 5.2% to 30.3. This reflects a greater focus on training in some of our largest affiliates in terms of headcount, such as technical training, managerial training, Operational Integrity training, and the SHINE onboarding programme.

FOR 2014
Develop and pilot the third module of the Leadership Development Programme in 2014.

Performance review
% of employees receiving regular performance reviews

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance review</td>
<td>67.4</td>
<td>67.4</td>
<td>68.6</td>
<td>64.7</td>
<td>100</td>
</tr>
</tbody>
</table>

TARGET: 100% of employees receiving regular performance reviews by 2014.

IN 2013
64.7% of employees received regular performance reviews, a fall of 5.7%. Performance reviews vary between affiliates, with some currently reviewing their performance management systems. We will focus on improving the performance measurement in this area while also continuing to reinforce the importance of all employees receiving regular performance reviews.

FOR 2014
Further develop our approach to conducting and measuring formal performance reviews during 2014.

Sickness absence rate
Number of days of sickness absence as a percentage of total days worked

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sickness absence rate</td>
<td>1.45</td>
<td>1.46</td>
<td>1.54</td>
<td>1.52</td>
<td>&lt;1.5</td>
</tr>
</tbody>
</table>

TARGET: Sickness absence rate <1.5% by 2014.

IN 2013
Sickness absence has remained stable at 1.52%. Our new Global Corporate Challenge initiative, first launched in 2013, will continue next year to encourage more of our employees to live healthy lifestyles.

FOR 2014
Repeat the Global Corporate Challenge in 2014, aimed at improving health and wellbeing and reducing sickness absence.
**TARGET** Reduce CO₂ emissions per employee (full time equivalent employee) by 10% by 2014 against the 2010 baseline.

Reduce CO₂ emissions per unit revenue by 10% by 2014 against the 2010 baseline.

**IN 2013**

CO₂ emissions intensity per employee has increased by 3.7% to 4.43 tonnes. CO₂ emissions intensity per unit of revenue has increased by 4.0% to 51.5 tonnes. This was mainly due to an increase in electricity consumption, with emissions from air and train travel and non-transport fuel emissions both decreasing. Despite an increase in both headcount and revenue, examples of factors increasing electricity consumption in some of our largest markets include greater reliance on electricity rather than diesel generators due to a more reliable grid supply, a significant acquisition, relocation of some offices, and an expansion in business volume, particularly in more energy-intensive industries.

**FOR 2014**

Roll-out the “Doing more with Less” campaign in at least 10 more affiliates in 2014.

Share the best practice learnings from our videoconferencing pilot to promote this technology and reduce business travel in 2014.

Review fleet procurement for the Europe region in 2014, incorporating sustainability criteria.

**ENVIRONMENT**

**TARGET** Equal opportunity ratio of 1.0 by 2014.

**IN 2013**

The equal opportunity ratio has remained stable at 0.65, although the total number of female employees and female managers has increased by 3.1% and 3.4%, respectively.

**FOR 2014**

Support our affiliates in promoting diversity opportunities, such as ‘Momentum’, in 2014.

**TARGET** Total Recordable Incident Rate below 1 by 2014.

**IN 2013**

Although our four-year data reveals a downward trend, the TRIR increased by 1.7% in 2013 to 1.19. We are deeply saddened that this included 10* employee and contractor fatalities, which mainly related to road accidents. In response, we immediately launched a global driver safety awareness campaign and reviewed our site risk assessment processes.

**FOR 2014**

We have made extensive commitments for 2014 aimed at raising awareness of safety issues and embedding our management systems to reinforce our safety culture. See [www.sgs.com/cs-health-and-safety-performance](http://www.sgs.com/cs-health-and-safety-performance) for more information.

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*This figure covers all affiliates in which SGS operates, not just trend countries. See more People pillar performance and commitments for 2014 at [www.sgs.com/cs-report2013](http://www.sgs.com/cs-report2013)*
TARGET Complete waste inventory and reduction plan for SGS operations.

IN 2013 Generation of both hazardous and non-hazardous waste has increased by around 10%. This is due to more comprehensive reporting following the implementation of better waste management systems, an increase in laboratory activities, and acquisitions. The Africa and Eastern Europe & the Middle East regions have begun implementation of our Waste Management and Minimisation Standard, as part of the roll-out of the Operational Integrity management system.


COMMUNITY

TARGET 100% of community projects and investments aligned to SGS Group Community Policy and Guidelines.

IN 2013 Our investment in community increased by 8.9% to CHF 368 000. 56% of the 84 global projects covered by our community survey are aligned to the Millennium Development Goals.

FOR 2014 Improve our mechanisms for assessing the impacts of community projects in 2014.


*Our 2010-2012 data for these indicators have been restated following a review of the methodology. Our 2014 targets for these indicators have been restated following a review of the methodology and adjustments for the inclusion of recently acquired buildings.
PROFESSIONAL EXCELLENCE

There has been a change in how trust in companies is established, with society placing greater importance on engagement and indicators of integrity such as treating employees well, listening to customers and exhibiting ethical and transparent practices. Expectations of business go beyond simply earning a licence to operate, towards earning a licence to lead – serving the interests of shareholders and broader stakeholders by being profitable and a positive force in society. At SGS we put ensuring trust and increasing efficiency at the heart of our services. We believe we are making an important contribution to a more sustainable future through the help we provide to our customers. We expect demand for our services to accelerate as governments, companies and institutions strive to restore society’s confidence in their roles as positive agents for change.

"The nature of working in the inspection and certification industry, where significant business value depends on the positive outcome of our assessments, means that our employees may, from time to time, be exposed to the risk of corruption. It is vital that employees understand that they must immediately walk away from any party attempting to engage them in unethical behaviour and report it to management, and that we will support them if their complaint is justified. We have a zero tolerance stance on misconduct, and will terminate our relationship with any party found to be in breach of our strong integrity principles. Since launching our revised Code of Integrity in 2012, we have seen an increase in the number of suspected violations reported, indicating higher awareness of the Code and a confidence in our reporting mechanisms. Rather than simply reporting incidents, we want to encourage employees and other stakeholders to engage in a dialogue so we can address problems before they escalate. We will continue to support managers and employees through training, guidance, and responsiveness to suspected violations to ensure our integrity remains intact."

OLIVIER MERKT, General Counsel and Chief Compliance Officer

"Our business growth is innovation-driven and is increasingly fuelled by combining our scale and competencies across divisions to serve the complex and diverse needs of key customers. For example, we have brought together our skills in auditing, training, testing and consulting services to help assure the quality of jet fuel across the value chain, as well as offering the aviation industry new competencies such as services linked to health and safety. Our new hospitality services provide the tourism and leisure industry with environmental, safety and food quality testing combined with sustainability, quality and service audits. We have pooled our knowledge of the medical devices industry to deliver end-to-end services ranging from safety, chemical and electromagnetic testing and auditing, verification and certification services, to project management for clinical trials. Recognising the increased regulatory and societal pressure on companies to uphold the highest ethical principles, we provide integrated solutions to our customers delivered to the highest standards of professional excellence."

FRANCOIS MARTI, Executive Vice President Systems & Services Certification and Senior Vice President Strategic Transformation

For more information on our approach to Professional Excellence topics, performance and commitments for 2014, including Ethical Conduct, Economic Performance, Human Rights, Responsible Supply Chain and Sustainability Services, please see our online report www.sgs.com/cs-report2013
ETHICAL CONDUCT. From mandating annual integrity training for our employees, to ensuring the security of our people while travelling and targeting counterfeiting and the misuse of the SGS brand, we remain vigilant to potential threats and demand the highest levels of ethical conduct from our employees worldwide.

Mandatory Training. Annual Integrity Training

The SGS Code of Integrity builds on our values of trust, honesty and transparency, principles and accountability. Our integrity e-learning module - part of our SHINE onboarding programme – and our Annual Integrity Training (AIT) ensure continuous reinforcement of the Code. The AIT introduces employees to real-life scenarios, which test their knowledge of the Code and help them exercise judgement. During 2013, we commissioned Ludo, a Belgian cartoonist, to create thought-provoking and humorous illustrations to get serious messages across in a fun way.

China Tops Leaderboard on AIT.

Integrity training in China and Hong Kong

SGS China and Hong Kong puts significant effort into ensuring that employees participate in the Annual Integrity Training. In fact, the only reason for employees not attending is due to sickness absence or maternity leave. During 2013, 13,698 employees representing 99.3% of the workforce attended the training, resulting in improved awareness among employees and an increase in reporting of suspected violations to the integrity helpline.
SECURITY. Our global Corporate Security team is responsible for protecting our people and assets from deliberate harm by developing mandatory standards and guidelines, completing risk assessments and reviews, and responding to security-related threats and incidents.

INVESTIGATING MISCONDUCT
Since 2012, SGS has operated a network of over 20 employees trained to conduct professional investigations into internal and external incidents that pose a threat to the company or our employees.

TO ‘E’ OR NOT TO ‘E’. Controlling risks associated with paperless documentation
In recent years, we have responded to customer requests for electronic documentation to increase security and process efficiency while reducing paper consumption. Our Corporate Security team works with heads of business lines to protect the security of our documentation including e-certificates by ensuring that integrity is built into every stage of our operational processes.

86% of employees taking part in our employee engagement survey report that their manager makes them aware of the importance of protecting confidential information

24/7 ASSISTANCE. Protecting our people while travelling
As a global company we need a comprehensive framework for supporting our people (employees, contractors, representatives and dependents) whenever they travel. We have consolidated our existing arrangements and are implementing a global programme from 2014 to ensure that all affiliates have access to a 24-hour call centre offering advice before and during travel, and the emergency despatch of medical and security cover when necessary. The system uses automated traveller information to monitor the position of individuals working in high risk locations or those more vulnerable to risk such as women travelling alone.

BEYOND THE CALL OF DUTY. Profile of an investigator
Our employees possess many qualities but it takes a certain type of person to be recruited into our investigation network. Our talent spotters are on the lookout for potential investigators, who will receive extensive training in investigative skills to be able to examine suspected cases of misconduct - from bribery and fraud to inappropriate sexual behaviour. For many, the investigator role is conducted alongside their day job.

WHEN ALL IS NOT WHAT IT SEEMS. Protecting our brand from counterfeiters
“As a respected global brand we rigorously monitor the use of the SGS name and logo as part of our Corporate Security programme. Given the increased demand for independently certified goods, it is no surprise to detect more and more incidents of counterfeit products bearing our name. Many are obvious cases of fraud, such as electronic cigarettes marketed on business-to-business sites using the SGS name. Our intervention resulted in two million advertisements being removed from online sites. Other examples have included scrap metal (which SGS does not certify) and alleged bio-oil products from Cameroon (which does not export such products). We remain vigilant to misuses of our brand and provide safeguards to our customers and their consumers who put their trust in the validity of SGS certification and validation.”

STEVE ELLIOTT, Global Head of Corporate Security
SUPPORTING INNOVATION. Innovation and integrity are core principles at SGS and guide our decisions about the people we recruit and the businesses we acquire.

OUR SUSTAINABILITY PROFIT AND LOSS ACCOUNT

Our Green Book, introduced in 2012, tracks the financial impact of our sustainability performance. Whereas some companies have pioneered models linked to environmental profit and loss, the Green Book measures costs linked to both social and environmental performance. Using qualitative, quantitative and financial metrics to assess material sustainability risks, the tool highlights the relative and absolute costs of sustainability issues at local and Group levels. For example, the tool tracks the Group’s spend on issues such as energy consumption, business travel, community investment, sickness absence and natural turnover of staff. This allows us to evaluate the total spend as being equivalent to 7% of revenue.

The Green Book is distributed to senior managers every six months and the information is used to target specific areas to achieve maximum impact.

Examples of projects in 2013 that address ‘hot spots’ include a major energy efficiency project in Germany (see page 35) and the Global Corporate Challenge to help reduce sickness absence by addressing underlying causes (see page 24).

When there is a financial figure against our turnover rate, it really focuses management attention. Using the Green Book, we work with Managing Directors in the affiliates to target areas of high spend linked to employee turnover and to instigate programmes to address them.”

DOMINIQUE BEN DHADOU, Senior Vice President, Human Resources

EUREKA! Creating a portable analytical laboratory

Innovation can strike at any time, as Wayne Kriel, Director of our Applied Technology and Innovation Center (ATIC) in Houston discovered while watching the History Channel: “I was watching television at home when the adverts came on. One showed how wind-turbines can produce additional electricity for homes. At the time, we were looking for a solution to powering the GasPro™ portable lab that did not require batteries or a mains plug and cords. The advert got me thinking: if you can generate enough power from a turbine to run a home then maybe it could run the GasPro™. I discovered a compressed air turbine developed in 1909 for the UK coal industry - a simple, small compressed air generator with enough power to run a 250-watt light bulb. We purchased such a unit and retro-fitted it to our specifications. The resulting innovation provides full portability, complies with all relevant safety certifications and offers an innovative way of testing products at customer sites.”

WAYNE KRIEL, Director of our Applied Technology and Innovation Center (ATIC), Houston
BUILDING CAPACITY. Building capacity – through talent acquisition, skills development and innovation – helps us and our customers to respond efficiently and flexibly to changing market conditions.

SKILLS DEVELOPMENT IN AFRICA. SGS Academy seeks to close skills gap

Our network of 35 training centres delivers culturally relevant and multilingual courses to our employees and customers globally. In May 2013, the SGS Academy opened in South Africa in response to the country’s skills shortages particularly in the mining sector, and increased demand for accredited training arising from the Skills Development and Black Economic Empowerment Acts. In addition, we support states in improving their access to markets by offering tailored compliance training in safety, health, environment and quality in response to the Southern African Development Agency (SADC) which aims to rationalise occupational safety and health and create uniform standards similar to those in the European Union.

MEDICAL DEVICES TRAINING

Medical devices span complex diagnostic equipment and implants to simple consumables such as disposable syringes and gloves. With expected growth opportunities linked to ageing populations globally and growing middle classes in emerging markets, manufacturers require trained professionals with knowledge of the appropriate markets.

As a leading Medical Devices Notified Body, SGS’ global team provides medical device services in over 40 countries. To help meet the growing need for medical devices worldwide, we have formed a strategic partnership with the World Medical Device Organisation (WMDO) to offer e-learning courses covering regulatory requirements, clinical evaluation and investigations, risk management, quality systems and healthcare economics to medical device professionals worldwide. This training provides the industry with essential expertise, helping to meet the growing need for medical devices worldwide.

SHINING A LIGHT ON SUPPLY CHAINS

Companies with extensive international supply chains have great potential to influence the social and environmental performance of their many suppliers. Philips is a global technology company focused on improving people’s lives through meaningful innovation in healthcare, consumer lifestyle and lighting. As a sustainability leader, the company runs a supplier sustainability programme, including onsite audits conducted in accordance with international best practice. Given its 10 000 direct and 30 000 indirect suppliers in 60 countries, Philips selected SGS to provide scale, quality and consistency of service. Our dedicated team of experts and account managers, based in China, liaises with local SGS offices to assign auditors trained in the supplier sustainability programme.

“Our programmes have contributed to suppliers showing improvement in environmental management, health and safety, as well as labour conditions. We rely on SGS to produce meaningful audit reports and collect solid information. Their audit programme is crucial for monitoring our risk suppliers.”

EMILE CORNELISSEN, Head of Philips Supplier Sustainability

PRECISION FARMING IN AFRICA

We provide precision farming services in Africa and other key agricultural regions using the Global Positioning System (GPS) to couple real-time data collection with accurate position information. This leads to the efficient manipulation and analysis of large amounts of geospatial data linked to soil chemical variations, physical soil differences, vegetation sampling, yield mapping, quality variances and topography.

Agriculture in Africa is transitioning from largely subsistence-based farming to the commercial farming of previously imported staple foods such as rice, maize and sugar cane in order to satisfy the continent’s growing population. Our analyses can help determine how much of Africa’s available land is agriculturally viable, which varieties of seed should be planted, and the optimal use of chemicals to maintain soil quality. Our portfolio of Seed and Crop Services supports commercial farmers, investors and governments by ensuring an affordable and consistent supply of agricultural commodities through the application of good agricultural practices and the efficient production of high quality yields.
Given persistent financial market volatility and global shifts in workforce demographics, the ability of companies to find, recruit and manage talent hinges upon having an effective employee engagement strategy. Trends in employee engagement across global companies show that every one per cent increase in employee engagement indicates a 0.6 per cent growth in sales. For SGS, 2013 saw our employee engagement strategy gather momentum. SHINE, our global onboarding programme, was implemented worldwide and 26 000 employees in 21 affiliates participated in our annual engagement survey, CATALYST. We launched our HR Principles to guide our talent management and we defined what it means to work for SGS through our employer brand. Our ongoing commitment to employee engagement and development will ensure that SGS continues to be an employer of choice.”

DOMINIQUE BEN DHAIOU, Senior Vice President, Human Resources

The nature of inspection and testing services often requires inspectors to visit customer sites, examine what is happening on the ground and collect samples. Many of the industries we serve are associated with significant potential risk of injury to personnel, and the sites may be in areas which are remote or have poor quality roads. Even with our advanced management systems, controlling incidents at sites we do not own, or on the road, is an ongoing challenge. Although the overall number of reported incidents remained stable, the severity of incidents increased, including fatalities from road traffic accidents. We responded immediately by reviewing our site risk assessment processes and launching a global driver safety awareness campaign. Our managers at all levels of the organisation demonstrate their commitment to the health and safety of staff through conducting site visits, giving safety talks, and playing prominent leadership roles in our campaigns such as the first global Safety Day launched in July 2013. We will continue this focus in 2014, and we remain committed to our zero incidents goal.”

BRIAN DUNAGAN, Vice President, Operational Integrity

Health and safety is a key issue for our customers. Increasingly, customers go beyond the top-line performance figures to scrutinise the underlying management system, processes and culture. This approach is especially important in the oil, gas and chemicals industry, where there is a greater exposure to health and safety risks. SGS has invested in global programmes and systems to ensure the same standards are met all over the world. From our team on the small island of Guam embracing Safety Day to our colleagues in the Middle East installing in-vehicle monitoring systems which support road safety, our top priority for all employees, at all times and in all locations, is safety.”

ALIM SAIDOV, Executive Vice President, Oil, Gas & Chemicals

Our Green Book enables us to provide our internal and external stakeholders with detailed analysis of our ‘triple bottom line’. In 2013, our overall costs related to employee issues have remained stable. See an example of how the Green Book has been used this year on page 24.

For more information on our approach to People topics, performance and commitments for 2014, including Occupational Health and Safety, Talent Acquisition and Development, and Diversity and Equal Opportunities, please see our online report www.sgs.com/cs-report2013
TALENT ACQUISITION AND RETENTION. By focusing on the quality of recruitment, we want to ensure that we attract and retain the best talent to serve the needs of our customers, nurture an engaged and productive workforce, and reduce turnover and related costs.

BRIGHT SPARKS. SGS Taiwan nurtures young engineering talent
The education system in Taiwan is changing with universities recognising that industry collaborations can help prepare students for working life. At SGS, we seek the brightest young talent for our large electronics testing laboratory in New Taipei City – an international centre for the electronics industry where competition for talent is fierce. Through a partnership with Jinwen University, we offer five top students a scholarship and a five-month internship working alongside our engineers on technical projects under the guidance of a mentor. “My role is to encourage the students to think for themselves and become problem solvers. At the start the interns are new to a company environment and need basic training. As they progress, they are prompted to find the solutions themselves and gradually become more independent, verifying measurements and documenting results by themselves. And, it is not only the interns who benefit – this process has been a team-building experience”
IVAN CHENG, SGS mentor

“[I joined this programme to find out what the future held for me beyond graduation and to learn things beyond what is taught in school. At SGS I have learned practical skills, like how to operate a testing instrument, and I have studied standards. Most important is learning how to ask questions. Within SGS, I was encouraged to look for answers myself to learn how to operate the instruments correctly. I enjoy the interaction and team spirt between co-workers. You cannot get this experience from the school curriculum.”
HELEN LEE, intern

CHAIN REACTION. Trainee chemists from South-East Asia experience hands-on learning
Our comprehensive chemist training programme, based in Australia, teaches trainee chemists from South-East Asia all general laboratory techniques as well as providing work experience at a mine. The two-year programme consists of eight modules such as sample weighing and preparation, fire assay, spectrometry, quality control and assurance and classical chemistry techniques. The programme began in February 2012 and the three trainees are due to complete their training in early 2014 following which they will return to their home countries of Indonesia and the Philippines to impart their knowledge and training to colleagues, broadening the skills and experience of many more employees in the region.

LEAVER DEMOGRAPHICS. Analysing employee turnover in North America

In North America, employee turnover is high for some business lines. In some cases this may be because of the nature of the work, such as seasonal jobs. However, we wanted to check for trends in our turnover relating to demographic factors, which could indicate an area we need to work on. The Human Resources team has been gathering demographic reports for each business line on people leaving the company, including age, gender, job type, location of employment and other factors. This work has been conducted alongside an in-depth analysis of why employees leave our automotive commercial business to identify causes of high turnover and remedy these.
EMPLEE ENGAGEMENT. Our engagement approach begins with the onboarding of employees and continues throughout their journey. An annual survey provides a barometer of engagement levels and focuses local actions to address specific issues.

HELPING NEW RECRUITS TO SHINE. Onboarding programme goes global

SHINE, our global onboarding programme, welcomes and prepares new employees for life at SGS. It also supports people transferring from businesses acquired by SGS and existing SGS employees migrating across business lines and affiliates. The global roll-out, completed in December 2013, ensures that every new and transferring employee receives the support they need from their manager, HR team and a dedicated peer advisor within their first six months.

WELCOMING NEW COLLEAGUES. Integrating employees from business acquisitions

When SGS acquired Enger Engenharia SA in May 2013, a leading consulting engineering company in Sao Paulo, we needed to ensure that its employees were properly supported in their transition from a privately owned business to a publicly listed company.

“We organised ‘integration’ meetings involving all employees to introduce them to SGS using elements of SHINE and the Code of Integrity training. We also shared our history, mission and vision, and integrity principles. With many employees feeling anxious and a bit unsettled, we wanted to help them realise their potential in joining our company. SHINE was the perfect programme for supporting the employees’ integration into SGS.”

FERNANDA NUNES, Human Resources Manager, SGS Brazil

THUMBS UP. SHINE endorsed by new employees

On completion of SHINE, employees are asked to complete a survey. While it is too early to report global feedback, initial results are encouraging, with 97% of employees in China, 93% in the Philippines and 69% in Canada reporting that they were ‘extremely satisfied’ or ‘satisfied’ with their onboarding experience.

The feedback enables affiliates to understand which training elements are most helpful as well as areas for improvement. We will track this data against total voluntary turnover figures to better understand the link between the quality of the onboarding experience and employee retention rates in the first 12 months of joining the company.

BRAIN FOOD. ‘Lunch and learn’ programme launched in Geneva

During 2013, SGS Geneva launched a monthly ‘Lunch and Learn’ programme to facilitate knowledge sharing between employees in the company’s headquarters.

“Lunch and Learn came about as a result of feedback from SHINE and the CATALYST survey suggesting that many employees were keen to learn about other parts of the business. From the four events so far, employees have been left with a better understanding of how SGS meets demands in different markets, a broader appreciation of our services and improved knowledge of the competitive landscape in given segments. Their success is down to the excellent speakers who make each session interesting.”

PHILIPPE BILAND, Learning and Development Manager, Human Resources

97% of employees in China were satisfied with their onboarding experience

12 companies were acquired in 2013

97% of employees in China were satisfied with their onboarding experience

12 companies were acquired in 2013
**GLOBAL BENCHMARKING**
Alongside responses to individual questions, we collate key data into two indices to benchmark our performance against a global norm. Our Employee Engagement Index (EEI) tracks the degree to which employees feel engaged in the business. At 64% (up 1% on 2012) this compares to a global norm of 69%. Our Performance Excellence Index (PEI) remained stable at 73% and is largely in line with the global norm of 74%. Further to this, our Sustainability Engagement Index (SEI), which is not benchmarked globally, measures the extent to which employees feel engaged in our sustainability approach and, at 75%, remains at the same high level as 2012.

**CATALYST** is our employee engagement programme, designed to give employees a voice, share best practices and address areas for development. Following its successful pilot in 2012 involving nine affiliates, a further 12 participated in the 2013 survey, resulting in 26,042 employees responding (an 83% response rate) and contributing over 15,000 written comments.

**CATALYSING CHANGE.** Responding to employee feedback
In 2013, we conducted follow-up sessions on the 2012 CATALYST results and encouraged employees to propose how we might improve engagement. These ranged from providing better support to employees seeking to grow in the company, to raising efficiency levels and saving energy. As a result, around 550 action plans were uploaded to an online tool – some examples are given hereafter.

**SGS CHINA**
Employees in a Shanghai textile laboratory identified ways to improve business and the workplace using a simple “Gold idea” process.

“Each month employees post suggestions into an ideas box. These are voted on monthly, with results published on a notice board. Every quarter, committee members elect a ‘Gold Idea’ from those collated, and employees are rewarded. This scheme has helped to improve our efficiency and competitiveness while increasing employee engagement.”

CAROL CHEN, Manager, Consumer Testing Services, SGS China

**SGS RUSSIA**
SGS Russia achieved outstanding response rates of 91% and 90% in 2013 and 2012 respectively.

“A high response rate ensures we get a comprehensive picture of what employees think and feel. Following the 2012 survey, managers identified action plans with their teams and follow-through was continually reinforced. This year, our EEI increased from 69% to 76%, reflecting improved objective setting, annual performance appraisals, and onboarding processes. Our PEI increased from 81% to 83%, reflecting higher investment in training. We have also seen positive responses to innovation following initiatives to identify and launch solutions for customers and optimise our operational integrity and employee engagement approach. I am encouraged to see one of our lower scoring areas – employees feeling there is a promising future for them in SGS – increase from 43% to 53%.”

OLEG OZEROV, Managing Director, SGS Russia

**LINKING ENGAGEMENT WITH OPERATIONAL PERFORMANCE**
Using our Employee Engagement Index (EEI) it is possible to detect a link between employee engagement and operational performance. Employee turnover in the five affiliates with the highest EEI score, at 7%, compares favourably to our global figure of 14.2%. We will continue to track our performance against employee engagement in this way and use the learning to share best practices and implement programmes, where needed, across our affiliates.

26,000+ employees participated in the 2013 engagement survey
550+ action plans were implemented following the 2012 engagement survey

CATALYST. Topline findings

“These results reveal some important findings. First, the roll-out of our global operational integrity (health and safety) management system is clearly helping to instil a safety culture internally. Second, employee engagement is improving, with more employees feeling engaged in decisions that affect them and believing their ideas and suggestions are valued. Third, more employees recognise their contribution to the company’s objectives, which is particularly important as we work to deliver against the 2014 Plan. However, there are some important areas we must address. We are disappointed that fewer employees believe that positive results will happen as a result of this survey. This suggests that we must get better at not just cascading the survey results, but also clearly highlighting the changes that have happened following employee feedback. During this growth period, the results remind us of the need to continually improve the way we consult employees, and provide adequate training, information and communication to help people to do their jobs. Linked to this, there is more to be done to help people integrate into the business; our expectation is that the SHINE programme will make a significant contribution to this area now that it is operating across all affiliates.”

DOMINIQUE BEN DHIAOU, Senior Vice President, Human Resources
LEARNING AND DEVELOPMENT. Through a combination of corporate-led and locally developed programmes, our learning and development approach aligns the need to develop employee, manager and leadership competencies with our business priorities.

GEARING UP FOR GROWTH. SGS China and Hong Kong creates a management pipeline

Our China and Hong Kong region is undergoing significant change, with all business lines achieving positive organic growth and acquisitions opening up new market opportunities. To support this growth, we must ensure we have leadership skills and competencies in place across our business lines.

"Our approach to developing management talent is three-fold. First, we develop new team leaders using our New Supervisor Programme which uses classroom learning and an online learning platform. Second, we identify supervisors and managers for our Management Accelerating Programme, which combines classroom training and e-learning with learning transition plans to focus managers on their own development. Third, our Talent Pool Programme for mid-level managers teaches leadership skills at individual, team and business levels and includes a business-led project assignment. Successful candidates can be nominated for the SGS Leadership Development Programme. During 2013, 247 supervisors completed the New Supervisor Programme, 123 managers participated in the Management Accelerating Programme, and 48 managers were involved in the Talent Pool Programme."

GUS GAN, Learning and Development Manager, SGS China and Hong Kong

SGS PHILIPPINES

recognised for its investment in L&D

INVESTING IN PEOPLE

In May 2013, the Philippine Society of Training and Development honoured SGS with the Gawad Maestro Award for Outstanding Workplace and Learning Performance Organizational Champion. This award builds on SGS Philippine’s achievement as the first ISO-certifying body in the country to achieve the Investors in People standard in 2012.
**Employee Wellbeing.** There is a strong correlation between employee wellbeing and organisational success; work can directly impact employee health and wellbeing, and employee health and motivation can affect operational effectiveness and business success. We work with employees to support wellbeing in the workplace.

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**Step Up to the Challenge.**

SGS employees take up the Global Corporate Challenge®

Our solution to tackle the underlying causes of sickness absence turned out to be one of our most popular employee initiatives. Data from our Green Book showed sickness absence in 2012 to have increased 5.5% to 1.54%, slightly exceeding our company target of 1.5%. The Global Corporate Challenge (GCC) was our opportunity to help reverse the trend by engaging employees in activities aimed at reducing stress, encouraging team spirit and improving health and wellbeing. An initial assessment showed that only 17% of SGS employees would meet GCC’s daily 10,000 step benchmark and only 50% would rate their overall health as good to excellent. Despite this low baseline, more than 1,700 employees in 31 countries signed up, forming 245 teams. Over 16 weeks, they stepped their way to improved physical and mental shape, with a daily average of almost 15,000 steps. In fact, 85% of employees participating reported a positive impact on their overall health, with 65% saying they had lost weight, 62% having improved energy levels and reduced stress, and 73% feeling that increased activity levels had become habitual. With 92% of employees recommending participating in the GCC and 90% keen to join it again, we look forward to encouraging more employees to step up to the challenge in 2014.

“**We had 15 teams and 105 participants spread across Mexico City, Palmariejo, Durango, Villahermosa and Ciudad del Carmen. We kicked off by reading the captains’ pledge and team members’ promise, and each team member received a T-shirt before heading out for an inaugural walk, achieving our first 2,000 steps together.”**

MARY CARMEN PRIETO, SGS Mexico

“**At the start of the GCC, I was undergoing chemotherapy following major surgery. I didn’t feel the side effects immediately from the chemo, but I did feel more exhausted and less interested in exercise each time. However, thanks to the steps needed for the team I made myself get out the door. Even when late in the day, I still achieved my 12 kilometres cycling, 4 km running, and an evening stroll too on occasions. I am proud to be in the ‘100,000 GCC Steps Club’ having accumulated over 100,000 steps in less than one week alone.”**

JOSEF VAN DE WILT, SGS Belgium

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**Our Global Results**

- **2.7 Billion Steps**
- **43 Times Around the World**

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**SGS Participation.** 82% of the 1,715 employees who took part in GCC are now ‘active’ or ‘highly active’.

- Inactive: 24
- Somewhat active: 414
- Moderately active: 241
- Active: 414
- Highly active: 995

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**Godong.** Employees in SGS China keep the GCC challengers on their toes

SGS China launched a similar initiative to the GCC for its employees at its head office. In total 1,090 employees and management took part between September and December 2013. In this time, participants in 137 teams achieved an average of 7,917 steps a day.

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When you live in La Tour-de-Peilz, Switzerland, cycling to the office in Geneva means an early start. I set off at 5 am to get in on time and I aimed to cycle 200 kilometres in one day. Given the return trip was not going to be enough, I added on a fast 50-minute cycle with a colleague at lunchtime and then a few more kilometres on past my home to Montreux to make sure I hit my target. That’s the furthest I’ve ever cycled in one day.

ADRIAN SHAW, Global Head, Import Certification Programmes
EQUAL OPPORTUNITIES. One of our shared goals is to increase our equal opportunity ratio from 0.60 in 2010 to 1.0 by the end of 2014. This is ambitious for a company involved in typically male-dominated industries and inspection and auditing roles involving physically challenging work conditions and travel. With 36% female employees and 27% female managers, there remains significant progress to be made.

HARNESSING THE COMMON LANGUAGE OF ABILITY
Rosario has been MD of SGS Philippines since 2006. She is Chairperson of the Philippine-Swiss Business Council and Vice President of WOW-Mothers, an NGO dedicated to the well-being of working mothers. Here she reflects on her remarkable career:

“After university, I joined SGS as a telephone operator. Various assignments followed, including overseas roles handling key account management for Government and Institutions Services (GIS) and setting up offices in Pakistan, Kazakhstan, Cambodia and London. Participating in global re-engineering programmes taught me the value of diversity and how SGS does not discriminate based on colour, age or gender; what’s important is a person’s ability and commitment. I was appointed Global Change Manager for a new business process outsourcing (BPO) shared services model, alongside my role as Operations Manager of GIS Global Processing Unit, prior to completing my executive MBA and assuming the role of MD.

I chose SGS because it aligned to my values of integrity, commitment and service. Everything I have learnt about business has been through SGS and the mentors I have gained along the way. Within SGS, you can find the right industry to match your aspirations, strengths and passion.”

ROSARIO CAJUCOM-BRADBURY, Managing Director, SGS Philippines

AROUND THE WORLD IN 548 DAYS.
The HR Discovery Pass programme
HR Discovery Pass is a programme to develop HR professionals through three six-month international secondments with corporate and local HR teams to better understand our culture, values and business.

“During 2012 and early 2013, in Geneva, I worked on the ‘HR curriculum’, a competence structure to assess and develop the skills of HR managers. In New Jersey, I studied the root causes of employee turnover. In Lima, I worked on the global job grading system. I valued the regional HR manager in Lima giving me the opportunity to ‘shadow’ him, such as during annual salary review meetings. He shared opinions and concepts and was open to hearing my views and giving feedback. Back home in Taiwan, I now have a wider perspective when looking at issues; I’m aware of how people in different cultures approach problems from different angles. I can take the best parts of each practice and implement them here.”

TOMMY LEE, Human Resources, SGS Taiwan

PRETTY TOUGH. Self-defence workshops for female employees
We are conscious that female employees can be vulnerable when working or travelling alone, or working in remote places. Since its launch in April 2013, ‘Pretty Tough’, an interactive half-day programme run by SGS India’s HR team, has taught self-defence to 280 female employees and female relatives of employees using real-life situations.

“The training was apt as per today’s need and I look forward to more such trainings.”

NITI KUMAR, National Quality Manager, Consumer Testing Services, SGS India

“The workshop was very informative and very useful and helpful, especially for female employees who travel alone.”

VIJAYA PAWAR, Assistant Manager, Minerals Services, SGS India

GAINING MOMENTUM.
Aspiring women leaders
MOMENTUM is a programme focused on developing the leadership skills of aspiring female executives. Using a dedicated intranet site and supported by mentors and buddies, SGS Canada has launched a network offering advice, access to keynote speeches and sharing experiences and stories.

ROSARIO CAJUCOM-BRADBURY, Managing Director, SGS Philippines
SUPPORTING SAFER PRODUCTS. SGS works with governments, companies and producers to test products for quality, safety and authenticity.

ELIMINATING TOXIC CHEMICALS IN TEXTILES

In July 2011, the Greenpeace Detox campaign exposed links between the widespread use of toxic chemicals in the clothing industry and the pollution of waterways. The chemicals, many of which are prohibited by EU law, include azo dyes, phthalates, nonylphenol and nonylphenol ethoxylate, which can harm aquatic organisms and the aquatic environment. The campaign has called upon international clothing companies to adopt a public commitment to phase out the use and release of all toxic chemicals from their supply chains and products by 1 January 2020.

Peter Waeber, CEO of Bluesign Technologies Group, of which SGS is the majority shareholder, comments on the challenges for companies in adopting such a commitment. “Companies need to know their supply chain, understand where materials are sourced from, and have clear management systems and assigned responsibilities in place to check compliance with, for example, legislation. They need to know their products and the specific materials associated with them and clarify their standards and expectations to employees and suppliers through effective training and communications. At Bluesign, we work with companies who are prepared to take a proactive approach. Using our bluesign® bluetool and bluefinder information solutions, we can assess the hazards, evaluate risks associated with chemicals in their products and provide options which allow textile mills to select chemicals based upon their safety.”

PETER WAEBER, CEO of Bluesign Technologies Group

MANAGING RISKS IN TEXTILE SUPPLY CHAINS

A lesser known truth about the textile industry is that supply chains within economically developed countries can be exposed to the same risks linked to social compliance as less developed countries. Despite local labour laws to protect workers, serious compliance issues have been found in workshops operating in Italy and France. Our experience shows that workers and their managers have very poor awareness and understanding of labour laws and safety regulations. In fact, some safety conditions are on a par with those in developing countries, with several fires occurring in the last decade. To avoid labour inspection visits, workshop owners with fewer than 15 workers close their businesses and open new ones under other names at the same locations every two years or so. As the authorities struggle against clandestine work, most workshops are able to provide workers’ identity documents and resident permits. By sharing our knowledge of the endemic risks in European supply chains and working with companies to tackle compliance issues, we hope that migrant and local workers can one day benefit from the provisions in place to protect them while at work.

PUTTING TRUST IN FOOD

Global food supply chains are increasingly complex and the risk of disruption – from climate change, adulteration or pathogens as a result of unintentional or malicious contamination – cannot be wholly eliminated. We work with food companies to control and manage supply chain risks by ensuring compliance with regulations and standards, and testing the effectiveness of quality, safety and sustainability management systems. For example, with changing lifestyles and eating habits favouring convenience meals, outbreaks of food borne illnesses are expected to rise. Working alongside food companies, we help to minimise risk by tracing ingredients sourced from multiple supply chains, monitoring food preparation, storage and distribution methods, and raising awareness of the safe storage and preparation of food and the actions to be taken to control the spread of food borne illnesses.
KEEPING OUR PEOPLE SAFE. At SGS we believe it is our duty to maintain the same health and safety standards across our global business. Our Operational Integrity (OI) initiatives reach out to employees in all our affiliates, from small teams in remote areas to nationwide initiatives in large countries. At the core of all our safety initiatives are two key principles: our Rules for Life and Goal Zero. Our Rules for Life are 12 non-negotiable rules that help save lives, and are included in all our safety communications.

GOAL Zero

is our safety mindset, whereby every employee should start each day with a goal of zero health and safety incidents.

GLOBAL SYSTEMS. Within OI we have global systems to prevent, manage, report and respond to incidents.

CRYSTAL
In 2013 we finalised implementation of the Crystal incident management and reporting tool in all affiliates. To get managers familiarised with the tool and using it to proactively address potential dangers before incidents occur, the North America Operational Integrity (OI) team set a target to identify 3,000 near misses, hazards or risks, log them in the system and resolve them in 2013. By the end of the year, this target had been exceeded. Examples included equipment requiring maintenance and electric cords posing trip hazards. To help resolve issues, Jeffrey McDonald (Chief Operating Officer, North America) reviews the near misses recorded in Crystal during the monthly financial review of every business line, to check each is being addressed and keep safety issues a top priority.

OIMS
The Operational Integrity Management System (OIMS) is our new integrated management system, providing employees, contractors and customers with a single interface to all our health and safety documentation. In 2013, the system was rolled out to all affiliates in Africa, Eastern Europe, the Middle East, China and Chile.

CHEMWATCH
In February 2013, we began implementing the ChemWatch system for managing safety data sheets throughout SGS. ChemWatch stores every safety data sheet for all chemicals that are used within our facilities. This ensures that we always have the most up-to-date version of each sheet available for our employees, which contains important information about the chemicals’ properties, employee protection, spill response and how to administer first aid. The aim is for all affiliates to be fully transitioned by the end of 2014.

5,000+
leadership safety visits in 2013

550,000+
hours of safety training in 2013
SAFETY INNOVATION. In Australia we have developed safeSTAX, our web-based safety and risk management system, for use both by our customers and within the company.

5000+ employees at a coal mining company in Australia use safeSTAX

1000+ employees in SGS Australia use safeSTAX

SAFESTAX IN A COAL MINING COMPANY

The safeSTAX system was designed to meet the needs of the mining and heavy industries, where it is critical to control access to a site, both from a security and from a health and safety perspective. A coal mining company in Australia uses the system to prevent unauthorised access to its mines, including employees who have not undergone the necessary induction training, or whose training has expired. The focus is on compliance with safety legislation. Other benefits include more accurate contractor charging as there is a time record of when each person was on site.

SAFESTAX IN SGS

We use safeSTAX at 16 sites in Australia. Security at our Newburn site is high due to the potentially hazardous nature of the work. In addition to the basic safety training required to enter the building, extra training is mandated for different sections. The STAX system records the safety training each employee has received, and this determines which doors their personal access card will open. It also helps us to maintain levels of trained staff and schedule skills refreshers. The safeSTAX visitor kiosk keeps track of visitors and contractors, and gives first time visitors a quick induction. The system records who is currently on site, which is useful in case of emergency.

“Once someone is familiar with the system it is simple and easy to manage. SafeSTAX integrates safety and security brilliantly with a system that could be tailored to all business needs.”

SHANE FOGGON, Safety and Technical Officer, SGS Australia
SGS SAFETY DAY 2013. Our CEO launched our first global Safety Day on 19 June 2013. The purpose was to bring employees and contractors together to engage and focus on safety, as part of our journey to build a stronger safety culture in pursuit of Goal Zero.

This year we asked teams to “take time to understand how our actions and behaviours can impact the safety of others”. This means going beyond personal safety to include the safety of those around us. Each affiliate selected and customised a set of tools provided by the Group Operational Integrity (OI) team. These included a guide for leaders, plans for engagement activities on different topics, a film by the CEO introducing Safety Day, and training videos on office safety and safety in the field.

At SGS we take pride in our efforts to keep every single SGS employee safe. Our goal is to maintain and improve this standard, but we can’t do it without your help. This is why today, on Safety Day, we ask you to take time for others. Be aware of potential risks that surround you, your colleagues and your family, and learn how to take the appropriate safety precautions. Consider everyone around you - we are all responsible for each other’s safety, not just today but every day. It is this sense of responsibility that we want to instil in every SGS employee.”

CHRISTOPHER KIRK, Chief Executive Officer, launching the global Safety Day

SAFETY STARTS AT HOME. Safety manual distributed in India

We believe that building a strong safety culture means our employees must be conscious of health and safety issues at all times, including at home. SGS India created an ‘SGS Safety Manual’ to help families stay safe. These easy-to-read booklets include step-by-step information on what to do in case of an emergency at home, such as how to carry out CPR, treat fractures and burns, and deal with choking. It was well received by employees, and the magnetic manual, now attached to their refrigerators, reminds them of the procedures each time they see it.

42,000+ contractors and employees took part in SGS Safety Day
Several affiliates shared their stories on the Safety Day Blog:

**SAUDI ARABIA**

All employees were asked to attend the Safety Day. Roy Skaria, Oil, Gas & Chemicals Director, began proceedings with an inspirational speech on the Group vision on safety. He introduced the OI manager, and impressed upon everyone their responsibility to follow the OI procedure and policies. Next, the OI volunteers performed a short skit demonstrating the importance of using a hi-visibility jacket and reflective triangle if your car breaks down. We held a competition in which staff had to identify potential hazards in a workplace environment, and there was also a safety quiz, giving people the chance to have meaningful discussions on different safety issues.

*POSTED BY NISHAD ABDULKHADER, Assistant Manager for Operational Integrity, SGS Saudi Arabia*

**IRELAND**

One facet of SGS Ireland’s business is vehicle inspection so it seemed appropriate on Safety Day to perform safety checks on vehicles belonging to employees. Vehicle checks and walk-around inspections are a simple and effective way to identify potentially dangerous issues before driving your car. Following a full presentation on ‘Safety Day-Goal Zero’, a number of employees were invited to carry out an inspection on their vehicles. This involved checking tyre tread depth and inflation, checking all lights are working and free of damage, checking engine oil, brake fluid, water, coolant and windscreen wash levels and more. There were some interesting finds and employees learned how they can be proactive in making their vehicles safer. Many thanks to all those who took part.

*POSTED BY GENNY BROSNAN, Quality, Health and Safety Coordinator, SGS Ireland*

**MEXICO**

Safety Day was celebrated at 17 SGS locations throughout Mexico. The locations cover a wide variety of activities, and discussions were tailored to the context of each location, such as identifying risks in the workplace and possible scenarios. We also shared personal stories and experiences, and formulated our set of safety commitments on issues such as the use of Personal Protective Equipment, safe driving and remaining vigilant.

*POSTED BY CAROLINA CACERES, Director, Operational Integrity, SGS Mexico*

**GUAM**

Although we are a small group, consisting of the Oil, Gas & Chemicals (OGC) Inspection, Laboratory and Administration teams, we have an unwavering commitment to our own safety as well as that of our families, colleagues and everyone around us. Our theme was ‘Time to Commit - safety begins with me’. The event opened our eyes and we became more aware of our behaviour towards safety and others. We conducted hazard and risk identification, and exercises on unsafe working conditions. In addition, we all put in writing our personal commitment to safety in our workplace. These commitments will be monitored and we will make sure that we all adhere to them. These also serve as our guide in pursuit of ‘Goal Zero’. Many thanks to the entire SGS Guam team for making it a successful SGS Safety Day Event!

*POSTED BY RAYMOND O. CASTOR, Inspector/QHSE, SGS Guam*
ROAD SAFETY. Road safety is of paramount importance to SGS. Our work sometimes requires us to travel to remote locations or areas with poor quality roads. We urge all employees and contractors to follow the Rules for Life, six of which relate to road safety, at all times to keep themselves and those around them safe.

ROAD AND TRAVEL SAFETY CAMPAIGN
We launched our global Road and Travel Safety campaign following a number of serious road incidents at the beginning of the year. It included a campaign video on road safety which emphasises the importance of reviewing the travel management plan for your trip before leaving. The Road Safety Guide, promoted as part of the campaign, reinforces the six SGS Rules for Life for road safety such as fatigue management, as well as providing guidance on travel management plans and the standard form to use. It also has a checklist for monthly vehicle inspections, principles of defensive driving and safety tips for driving different types of vehicle. It discusses the use of in-vehicle monitoring systems, detailing the possible features available with such systems, and sets minimum requirements.

CHRISTOPHER KIRK, Chief Executive Officer, and other members of the leadership team appeared in a series of safety videos.
IN-VEHICLE MONITORING SYSTEMS

In-vehicle monitoring systems are a powerful tool for supporting road safety. In 2013 we installed the system in our fleets in Poland, Bolivia, Algeria and Middle Eastern countries.

The Middle East

In 2013, we introduced an in-vehicle monitoring system (IVMS) into our fleet in Kuwait, Oman, Kurdistan, Iraq and Dubai. The system records data, such as who is driving the vehicle, the speed and the location. This data is transferred to a web-based fleet management system, allowing the fleet to be monitored. In Kuwait, the first location to install IVMS, the advantages include:

- Emergency response: location tracking enables the vehicle to be found quickly in case of emergency
- Monitoring of driver behaviour: if the driver is speeding, revving or idling excessively, braking too hard, or not wearing a seatbelt, an alarm sounds in the vehicle
- Fatigue management: if the driver travels for more than two hours without a rest, the alarm sounds
- The use of a driver ID key means that a driver cannot access the vehicle without having a valid driving licence and having passed the company’s defensive driving training and commentary driving assessment
- Fuel economy: 25-40% lower fuel costs due to a reduction in harsh acceleration, idling and high-speed driving. The return on investment is approximately one year as a result of this saving.

We are very proud to implement proactive measures to make driving safer as it is the greatest risk we face as part of the normal working day. IVMS encourages drivers to modify their behaviour, reducing the risk of accidents. At upstream OGC in The Middle East, we also coach and guide drivers and recognise those with safe driving behaviours by providing them with a recognition certificate and a retail voucher. The safest drivers are also praised on the HSE notice board to encourage everyone to drive more safely. In December we ran a ‘Train the Trainer’ course with four driving instructors and assessors from OI; they will be our eyes and our trainers for safe driving in the upstream OGC division in the Middle East.”

Mohamed Osmán Abdel, Middle East HSE Manager - OGC, Upstream Services

Bolivia

It is important that health and safety concerns are always top-of-mind, even with smaller projects. For example, in Bolivia we introduced IVMS in July 2013 into the three vehicles we use for inspections in challenging terrains, to help prevent road accidents.

“After the system was installed in the vehicles, the supplier also trained our drivers’ supervisors in using the software. This helps us to monitor the location of the vehicles and their speed, and raise driver awareness of speed limits and driving behaviours to reduce fuel consumption. In addition over 70% of our employees have received training on defensive driving.”

Gustavo Nava, Operational Integrity Coordinator, SGS Bolivia

Algeria

“Following our second fatal accident in a year, we introduced the Algeria Drive Right project. In addition to raising awareness through training, 46% of all Algerian fleet vehicles (including 100% of vehicles in the south of the country, which has the highest accident rate) were equipped with IVMS devices. There was initial resistance from some drivers, but good overall compliance with the scheme. Data from the first two months of the scheme shows an improvement in driving habits, and we now have better fleet monitoring and management. But best of all, there were no traffic incidents during this period.”

Liassine Louzri, Quality, Health, Safety & Environment Manager, SGS Algeria
More efforts are required to reach a sustainable future. The Kyoto Protocol has now expired. The Clean Development Mechanism has become voluntary, and the price of Certified Emission Reductions has plummeted. Pollution, diminishing resources and water scarcity remain key concerns. These factors and greater awareness of issues like supply chain impacts has meant society expects business to take the lead.

For our operations, our strategy is to build upon our network of 75 environmental projects. Our drive for carbon neutrality will stimulate efficiencies in our operations, raise awareness among employees, and encourage suppliers to tackle their own footprint. We must also monitor certain issues. Water scarcity, for example, is not material to the company as a whole at the moment but could become an issue for affiliates in water-stressed regions in the future. For our services, we will focus on innovative offerings that respond to various drivers: compliance with new regulations, differentiation through the voluntary market and the need to demonstrate clear business value from sustainability. Alongside services to support eco-design, pollution control and energy efficiency, new areas are gaining in popularity, such as sustainable event management.

“Climate change is a major environmental concern of our generation, requiring everyone to act. We recognise this responsibility and have 53 projects tackling carbon reduction. Our focus is energy efficiency in our buildings, including retrofits, green building design and energy management systems, supported by strong employee awareness campaigns. But cutting CO₂ emissions is a challenge as we are in a period of significant growth in line with our 2014 Plan. Despite our efforts, emissions increased by 9.9% this year due to greater electricity consumption. We have decided to offset our 2013 emissions as part of our commitment to building a lower carbon future. Alongside our energy reduction initiatives, targeting both our own operations and our value chain, we will explore innovative ways to offset emissions, such as through microcredit and microinsurance schemes which also bring benefits to local communities.”

DANIEL RÜFENACHT, Vice President, Corporate Sustainability

“2013 has seen a contrast in demand for environmental services between the developed and developing economies, but not in the way you might expect. In regions where demand for such services has traditionally been high, the economic downturn and policy changes have led to a focus on sustainability services delivering immediate and direct economic value, or responding to mandatory requirements. On the other hand, we are seeing increasing demand for environmental services in less economically developed countries. In some cases, this is because multinational companies are looking to standardise performance throughout their global operations. In other cases, demand is coming from the local country, with governments and businesses eager for the social, health and reputational benefits that good environmental performance brings.”

PETER POSSEMIERS, Executive Vice President, Environmental Services

Our Green Book enables us to provide our internal and external stakeholders with detailed analysis of our ‘triple bottom line’. In 2013, our environmental costs decreased by 6% against 2012 due to less travel and use of electricity rather than non-transport fuels. See an example of how the Green Book has been used this year on page 35.

For more information on our approach to Environment topics, performance and commitments for 2014, including Energy and Climate Change, Effluents and Waste, and Water Management, please see our online report www.sgs.com/cs-report2013
ENERGY EFFICIENCY IN BUILDINGS. Energy Efficiency in Buildings (EEB) is our flagship programme. From new air conditioning in the Australian Outback to solar panels in Kolkata to applying green building design principles in Chile, our projects demonstrate that we explore many opportunities for energy efficiency, and can use the expertise and innovation of our teams to tailor solutions to SGS.

INVESTING IN SAVINGS. SGS joins forces with Siemens to save energy

Gerhard Prößl, site manager at our laboratory and office complex in Taunusstein, Germany, faced a problem. Our Green Book shows that German laboratory energy consumption is a significant cost and, with energy prices rising, Gerhard wanted to explore innovative approaches to securing the site’s energy supply. But the search for a reliable energy partner proved challenging, as possible matches did not share his concern for reducing consumption.

Why Siemens? From the start, Gerhard was impressed with the Siemens approach. “They genuinely wanted to save energy”, he explains. The two companies combined expertise to find the right solution. Through swapping the old oil-fired heating system with a new gas one, and introducing a combined heat-and-power generator, condensing boilers, and an energy management system, Siemens offer savings of CHF 358,000 per annum (33% of energy costs) and 716 tonnes (20%) of CO₂ emissions. Even better, these savings are guaranteed for four years. The Operations Council approved the investment, and the installation is now underway, to be completed by 2014.

“...the transition to a low-carbon economy is a major industrial challenge, requiring action at every scale. Cutting annual CO₂ emissions by approximately 20% in Taunusstein – equivalent to what a VW Golf 1.4 TSI would emit if it circled the Equator 125 times – is a great outcome of this project.”

CHRISTOPH CONRAD, Senior Vice President, Global Head Marketing, Siemens Building Technologies

STAYING COOL IN THE OUTBACK.

More efficient air conditioning

In the remote Eastern Australian Outback, laboratory manager Stephen Tos takes a no-nonsense approach to energy saving. “If it’s not being used, turn it off”, he says. This includes switching off unnecessary lighting and dormant laboratory equipment, combined with weekly monitoring of the laboratory’s energy consumption. Stephen’s key challenge was reducing the energy consumption by air conditioning in this hot and arid region, where SGS provides assaying and environmental services to the local gold mine. Our new, more efficient air-conditioning units are expected to reduce power consumption by 75%, and provide a more comfortable and quieter workplace for everybody. Next, Stephen will be examining the potential of efficient lighting and solar power solutions to achieve further savings.

LIGHTING THE WAY

Achieving energy efficiency in leased buildings is a challenge, as there is a limit to how much of the building infrastructure can be changed. In South Africa, simply upgrading our fluorescent lighting at 12 sites is predicted to save around 245 MWh of electricity and 227 tonnes of CO₂ per year. Similarly, in Taiwan, we have an on-going programme to upgrade our fluorescent lighting. Upgrading 4,074 fluorescent tubes in eight leased buildings is already saving 406 MWh of electricity and 253 tonnes of CO₂ per year, and we will continue until all our less efficient tubes have been replaced.

ELECTRICITY CONSUMPTION ACCOUNTS FOR 62% OF OUR CO₂ EMISSIONS
GREEN BUILDING CHECKLIST

In 2013 we applied our Green Building Guidelines and Checklist to the renovation of a large office block in Santiago, Chile. The Green Building checklist enabled us to specify high efficiency light fittings, thermopanels on some windows, hot water provided by an LPG system and low-flow water fixtures.

BUSINESS EFFICIENCY BRINGS ENVIRONMENTAL BENEFITS

Innovation in our business lines can deliver both environmental and business benefits. Gold assaying requires samples to be heated in a furnace to 1 250°C. Our Minerals team has replaced the traditional crucible with a new taller and narrower design, which allows for 84 pots rather than 50 to fit into the furnace at a time, reducing fuel consumption per sample by 40%. All of our new Minerals laboratories have this design, and we are in the process of converting our existing facilities.
We support innovation and eco-design by testing the true environmental performance of building products for our customers. Regulation and market trends increasingly demand that manufacturers provide Life Cycle Assessments (LCAs) for products to evaluate their full environmental impact, from raw materials extraction through to manufacture, use and final disposal. Our work with Esylux, manufacturers of electrical products for buildings, includes conducting an LCA for a presence detector and presenting the results in a Product Environmental Profile (PEP). This has enabled Esylux to provide an ISO 14025 compliant PEP for its device and the results will feed into their eco-design approach to improve product performance.

Forces of Nature. Overcoming high winds to install solar panels in Kolkata
Kolkata is subject to high coastal winds, which can present a problem for rooftop solar panels. SGS India’s Environment team, whose services include green building consultancy, have designed a unique solar photovoltaic system for the rooftop of our laboratory in Kolkata. The positioning of the panels, elevated with a minimum clearance of 10 feet above the roof, will enable them to withstand high winds, and the system should have a lifespan of 25 years. The Environment team provided the solution on a turnkey basis, undertaking the engineering, procurement and construction of the project. The system will generate approximately 12.5 MWh of electricity per year, around 2.5% of the energy consumption of the building.

China Cold Aisle. Reducing air conditioning at a data centre in China
There are a number of ways to improve the reliability and efficiency of data centres. One of the most effective is the separation of the cold air entering the data centre from the hot air which carries away heat from the electrical equipment. Creating separate aisles ensures that the two air streams never mix, reducing the need for air conditioning.

“When we completed the installation of a new data centre in Shenzhen Bantian in May 2013, we optimised the efficiency of the cold aisle using two 15 kW air conditioning units capable of cooling the entire data centre. These powerful units have the potential to support 360 more efficient servers and we estimate the energy saving to be 52.9 MWh, representing a 34% reduction against 2012. With the potential to support 360 server hosts, we anticipate that the new data centre will save almost CHF 16 000 per year.”

Xihai Huang, IT System Manager, SGS China
A TALE OF TWO BUILDINGS. Optimisation saves energy at Geneva HQ

2013 is the third year of ECO21, a local government project to reduce energy consumption by businesses in Geneva. But our headquarters in Geneva is no ordinary office block. It features a stone building over 140 years old joined to a modern glass construction which also houses a data centre. It is difficult to imagine two buildings more different in energy needs.

Frederic Galetto, Facility Manager, determined that optimisation was key, rather than a large renovation project. This included zoning the building to decide which business activities each area is best suited to, and optimising light and heating levels accordingly, as well as adjusting settings on all equipment to minimise energy use. To support this, a fully automated environmental controls system will be installed in 2014. The amount of air conditioning in the data centre has been halved through the use of a ‘cold aisle’ to increase cooling efficiency. So far, the building’s electricity consumption has been reduced by 22% against the 2010 baseline, saving 17 tonnes of CO₂ per annum.

This is a flagship project for energy saving. Since the savings have been achieved without a major renovation or large CAPEX spend, the learnings are applicable to other SGS buildings, including leased sites, and are being promoted through the facility manager network. Frederic is also sharing his findings with other companies taking part in ECO21.
DOING MORE WITH LËSS. In 2013, Lëss the polar bear visited South Africa, Singapore, Spain, China, Portugal and India to spread the word on our behavioural change campaign on energy and resource efficiency to even more of our employees.

INDIA
SGS India is using 105 Green Warriors to drive the ‘Doing more with Lëss’ campaign. The response of our employees to the initial request for volunteers was overwhelming, with the final 105 chosen based on their enthusiasm for sustainability, network within the organisation, and ability to sell the concept of sustainability to their colleagues. Following an initial briefing to the leadership team by our Vice President Corporate Sustainability, Daniel Rüfenacht and our Managing Director SGS India, Paul House, the Green Warriors are driving the Sustainability agenda within their peer group across more than 60 SGS sites in India. They are identifiable by their Green Warrior t-shirts, lapel pins, or the 8-inch Lëss polar bear cut-out proudly displayed on their desks.

“I have been encouraging my colleagues to switch off the office lights when they leave rather than leaving it to the maintenance or security staff. The maintenance staff has been asked not to switch on the lights in the morning; instead employees will switch them on when they arrive.”

K.S. DEVI, Senior Executive, Systems & Services Certification, and Green Warrior, SGS India

“We have begun a practice of switching off the air conditioner during lunch time and depending more on daylight wherever possible by switching off lights which are not absolutely necessary. Being a small team, this campaign not only leads to energy saving, but also helps in team building.”

DR. U.I. BABY, Agricultural Services Laboratory Manager, and Green Warrior, SGS India

“Australia was the original pilot for the ‘Doing more with Lëss’ campaign, and quantifiable benefits are now being seen. For example, in 2012 we targeted six sites whose printing impacts were especially high, either because of lots of colour printing or just high levels of printing overall. For each one, we developed a targeted poster campaign, using statistics about that site’s printing consumption to encourage different behaviours. This included benchmarking printing consumption between locations to encourage competition. We also reviewed the technical configurations of printing equipment. Comparing 2012 and 2013 data shows an average reduction of around 29,000 print jobs per month for the same printers in these six sites, which in turn results in savings of at least CHF 900.”

GRANT TAPLIN, National IT manager, SGS Australia

“Africa was the original pilot for the campaign, so employees could understand what was behind it. We focused on our six sites with the highest energy consumption, with champions driving the initiatives at each site. We realised that some of our employees who have the greatest ability to affect our energy consumption, such as maintenance and security staff, do not have computers and so can’t access the e-learning, so we ran training workshops instead. Our ‘Bearometer’ tracked our weekly progress in completing the e-learning; now 141 employees have done so. Already, I’ve observed colleagues switching off lights, with the maintenance staff conducting patrols to check they are off on all floors at the end of the day, and lower usage of printers.”

VIVIANE LOKALE, Governments & Institutions Services Business Manager, SGS South Africa

“Providing the right infrastructure, such as energy efficient task-oriented lighting, more efficient equipment and localised air conditioning controls, was only the first step in reducing our energy consumption and cutting our large energy bills. This campaign brought the behavioural change needed for our employees to use these tools. People are very happy to have control of temperature levels in their respective areas and are using air conditioning less. I see more lights being turned off when people are out to meetings and also computers when they are away from their desks. This fits in very nicely with our objective of reducing energy consumption by 10% against 2012 levels.”

DARAJIT DAUD, Senior Manager, Operational Integrity, SGS Singapore/Malaysia

“Small changes can achieve considerable efficiencies if we all do them together. In SGS Spain, our campaign targets energy efficiency from two angles. The first is simple reminders to employees about the small behavioural changes they can make to save energy, such as switching off equipment when it is not in use. The second is a detailed energy consumption analysis from our Madrid head office, to ensure we focus on areas where we can make the biggest savings.”

ANGEL TRIGO GONZALEZ, Financial Director, SGS Spain

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“In China, we are piloting the campaign in the Qingdao, Ningbo and Xiamen branches. We have focused on behavioural change, with the orange dot stickers being placed all over these offices to encourage our staff to think about the impacts of excessive printing and air conditioning, and to remind them to switch off lights and not leave equipment on standby. We will roll-out this campaign to further branches in 2014.”

TIM KE, GuangZhou Branch Manager, SGS China

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EASY

SWIPE YOUR ‘FOLLOW YOU’ BADGE TO PRINT, COPY OR SCAN TO EMAIL YOUR DOCUMENTS.

SELECT FROM: ‘RELEASE DOCUMENTS’ - TO PRINT OR DELETE; ‘COPY’ - TO COPY AS USUAL; OR ‘EMAIL’ - TO SCAN TO EMAIL. YOUR EMAIL ADDRESS IS AUTOMATICALLY USED BUT AT THIS POINT YOU CAN CHOOSE TO TYPE IN OTHER SGS ADDRESSES TOO.

DON’T FORGET...

UNWANTED OR FORGOTTEN DOCUMENTS ARE DELETED FROM THE ‘FOLLOW-YOU’ PRINT QUEUE AFTER 24 HOURS, WITH NO RISK OF UNNECESSARY PRINTOUTS OR WASTED PAPER.

DO MORE WITH LESS. SUSTAINABILITY AT SGS.

JUST ONE XEROX COLORQUBE DOES THE JOB OF FOUR PRINTERS, A COPIER AND SCANNER WHILE SAVING 50% OF THE ENERGY.

DON’T FORGET...

TO LOG OUT AFTER EVERY USE OF YOUR ‘FOLLOW-YOU’ BADGE.

LOG OUT BY SWIPE YOUR ‘FOLLOW-YOU’ BADGE AGAIN. YOU WILL BE AUTOMATICALLY LOGGED OUT IF THE MACHINE IS NOT USED FOR 1 MINUTE ANYWAY.

DO MORE WITH LESS. SUSTAINABILITY AT SGS.

SOMETHING YOU FORGOT?

DON’T WASTE PAPER BY PRINTING PAGES THEN FORGETTING TO COLLECT THEM.

SAVE ENERGY - USE AN ALL-IN-ONE COPIER, PRINTER AND SCANNER.
REDUCING WASTE. ‘Doing more with Lëss’ (pages 39-40) helps us maximise resource efficiency by reducing the use of materials. For the remainder, we reuse and recycle wherever possible.

TURNING WASTE INTO RESOURCES. Waste management plans in South Africa

In South Africa, we are creating Waste Management Plans for each of our sites to comply with the new SGS Waste Management and Minimisation Standard. An important part of this is identifying the various waste streams, and what can be reused or recycled to minimise disposal. This can lead to creative solutions: non-hazardous chemicals from our Minerals laboratories are reused by an international speciality chemicals company in their processes. Samples of animal feed from our agricultural testing laboratory that are fit for consumption are donated to farmers and animal shelters. For some types of test sample, we will arrange for customers to take them back after our work has been completed, for safe disposal. 86% of applicable sites are currently meeting the new Standard, and our aim is for 100% to be compliant by June 2014.

REDUCING WASTE, TRANSFORMING LIVES. Recycling in Peru

In Peru, we have three new recycling projects linked to charity:

- **‘RECYCLE GLASS’** Help a Child – REVIAN - Amber glass bottles from our environment laboratory are delivered to the company Owens-Illinois, a manufacturer of glass containers. For every tonne donated, Owens-Illinois makes a donation to the FUNDADES charitable organisation for social projects to help children with disabilities or from low-income families.

- **‘PLASTIC RECYCLING’** programme of the Organization Aniquem – we recycle plastic bottles and packaging generated in the laboratory of environment and microbiology, and the proceeds support the care and rehabilitation of children with severe burns.

- **‘RECYCLE MORE’** - we have joined the paper recycling campaign established by the FUNDADES charitable organisation, with proceeds from the sale of all paper collected being used to subsidise educational scholarships for children with disabilities or from low income families.

DESIGNING OUT WASTE

In 2013 we conducted an eco-design evaluation of tablet and notebook devices, to help product designers reduce the amount of materials used in both the devices and the packaging, cutting waste and unnecessary resource use. This included benchmarking tablet devices based on criteria such as the amount of packaging used in relation to the size of the product, a screening life cycle assessment and the recyclability of the device.
WATER. More than 40% of people on our planet are now affected by water scarcity. Although we are not a water-intensive company, we recognise that many of our affiliates are in water scarce countries. In the United Nation’s ‘International Year of Water Co-operation’, we have been working in partnership with government, customers and others to save water.

EVERY LAST DROP. Conserving water in Singapore

The island city-state of Singapore has little room to collect and store freshwater. Despite ingenious approaches to water capture and purification, Singapore still requires imports, so it is important for everyone to conserve as much as possible. Our Toh Tuck Link office took up the Public Utilities Board’s 10% water reduction challenge to demonstrate how much can be saved through simple changes, even in leased premises. Following an assessment of the building’s water needs, high efficiency water fixtures were installed which are rated ‘excellent’ under the Water Efficiency Labelling Scheme (WELS). The Public Utilities Board audited the facility and certified it as a ‘Water efficient building’.

DISTILLING SAVINGS. Water saving in Indian laboratories

Our Tirupur and Chennai textile testing laboratories use 1 180 400 litres of water to wash textiles each month. Waste water from the laboratory testing area is processed in an effluent treatment plant. Now we have added an extra step, purifying it in a reverse osmosis process. The processed water can be used again in the laboratory if it meets the necessary standards, or for flushing toilets. This has cut the volume of water purchased by 50% for Tirupur and 70% for Chennai. Using processed sewage water in the garden in Chennai saves a further 1 872 000 litres per year. We use 10 000 litres of Grade-3 distilled water in our Tirupur laboratory each month. In an innovative project, condensation from air conditioning units is being collected, processed and recycled as laboratory grade water which complies with standard ISO 3696. We now have a secure and free supply of this water.

FINANCE STREAMS, WATER FLOWS. Delivering trust in water initiatives

Finance is essential for projects tackling scarcity in water-stressed regions, but potential donors and investors need to be confident that real benefits will be delivered. The Water Benefit Partners programme is a Public Private Partnership initiated by First Climate that combines expertise from NGO and commercial partners to produce an innovative solution. A system of ‘Water Benefit Certificates’ (WBCs) is being developed, which certify that a certain volume of water has been saved, purified or supplied by a specific project during a certain period of time. This will give donors and investors the data and assurance to support water projects in a credible and transparent manner. In 2013, the first demonstration projects were identified. These include an agricultural project in India which uses drip irrigation to reduce water use, increase crop yield, and offer farmers a way out of poverty, and a water access, sanitation and hygiene project in Western Africa to help rural communities avoid waterborne diseases. SGS is a founding member, and the technical partner for ‘validation’ and ‘verification’. In 2014, SGS will validate and verify the WBCs from a range of demonstration projects.

“Thanks to SGS’ comprehensive and in-depth experience with environmental standards and related certification processes, SGS plays an instrumental role in developing this standard in a robust and transparent way.”

DR. SASCHA LAFELD, CEO, First Climate Markets AG

QUALITY AS WELL AS QUANTITY. Targeting water pollution

The risk of water contamination from industrial sites is a key environmental concern. In Queensland, Australia, our Environmental Services team collects and analyses water from mines, harbours and airports to check for pollution. For mines, this analysis is a requirement of the licensing conditions, and involves periodic sampling of surface water, groundwater and release water, followed by analysis in the laboratory.
EVENT MANAGEMENT. Although not always the most sustainable option, sometimes there is no substitute for meeting face-to-face. We believe that by optimising the environmental and social impacts, it will still be possible for people to enjoy sporting events and holidays, and meet in-person with colleagues and customers, within a sustainable society.
REPORTING CARBON EMISSIONS. As more organisations begin to tackle their carbon emissions, it becomes even more important that emissions reporting is accurate and complete, to demonstrate how real progress can be achieved.

SGS INAUGURATED INTO THE CLIMATE PERFORMANCE LEADERSHIP INDEX

26 November 2013: Zurich. SGS is awarded a place in the ‘Climate Performance Leadership Index’ for the region Germany-Austria-Switzerland by the Carbon Disclosure Project. Daniel Rüfenacht explains the journey SGS has been on for the last six years:

“We set climate change as a priority from the start. We began measuring our carbon emissions in 2008. By 2010, we had sufficient data to set a baseline for our carbon emissions reductions. In 2011, we began introducing carbon reduction projects throughout the world.

Over 100 countries reporting carbon data every six months, auditing that data and implementing projects to target areas identified by the Green Book, plus innovation, CAPEX investment and behavioural change, bring us to this point of being a leader with proven reduction results in key projects. This is the crowning achievement of a lot of work over the last three years and the commitment of our Managing Directors and their leadership teams, and facility managers.”

DANIEL RÜFENACHT, Vice President, Corporate Sustainability

WALKING THE TALK. Verifying carbon emissions in our own operations

We can apply to our own operations the same environmental standards that we offer verification services for. In October 2013, our Peruvian Operational Integrity team calculated the carbon footprint of our key operations in Peru using the ISO 14064-1 standard and the Greenhouse Gas (GHG) Protocol. The scope included the head office and laboratories in Callao, and the vehicle testing site and the office in San Isidro. The Carbon & Water Auditing Services team verified the calculations. Key results include identifying the highest emission sources (electricity, natural gas and fuel for vehicles), and the in-depth classification of GHG related to testing services. This project is a first step in developing plans to reduce the carbon footprint of SGS Peru.

GREEN TRAVEL. Meeting with our customers is an integral part of our business. Technology enables us to use video and audio conferencing if a face-to-face meeting is not required, or to reduce the environmental impact of essential visits, such as onsite sampling and testing.

GREENER CARS

Our inspectors often need powerful vehicles to transport samples and equipment, but these consume more fuel. In the US, selecting a more fuel-efficient ‘4x2’ model, or switching to a ‘4x2’ if practical, has achieved savings of CHF 110 000 and 46 tonnes of greenhouse gases per year across 30 vehicles.

FEWER FREQUENT FLYERS. Using conferencing technology to reduce travel

In Spain, our employees were making frequent journeys between three cities: Madrid, Barcelona and Valencia, with associated cost and carbon impacts. To reduce unnecessary travel, we built a video conference room at each location, and instituted a policy whereby travellers are asked to explain why using conferencing technology was not possible. As part of this pilot study, users are asked when they book the conference rooms whether they would otherwise have travelled. Despite an increase in employee numbers at these locations, we estimate that this project has saved over 217 000 flight and train kilometres over nine months, equivalent to about 19 tonnes of CO₂ emissions. We expect our transport costs for these routes to reduce by 33% (not even counting savings on overnight accommodation). Based on the success of this pilot project, in 2014 we will promote the benefits of audio and videoconferencing within the company, starting with our busiest travel routes.
COMMUNITY

We want to play our part in helping build a society where communities are economically viable, healthy and sustainable. The United Nations Millennium Development Goals (MDGs) have galvanised global and national development efforts behind this vision, yet only three of the eight MDGs have been achieved and further effort is needed to accelerate progress ahead of the 2015 deadline. We will continue to support the MDGs by aligning our almost 300 community projects where possible and also evolve our approach in line with the UN’s development agenda beyond 2015.

As we have operations all over the world, our approach to community involvement focuses on engagement at the local level. We do have a selection of global initiatives sponsored at the corporate level, but most of our projects are smaller and targeted at local change. Our employees initiate our projects, choosing to give their expertise and passion to strengthen their community. We support all dimensions of our sustainability approach covering social, economic and environmental development. Linked to this, we recognise the urgent need to remove carbon from the atmosphere and want to play our part in supporting communities to reduce or eliminate greenhouse gas emissions. As part of our decision to become carbon neutral, we are investing in microcredit and microinsurance projects aimed at reducing or eliminating carbon while improving the lives of low-income people in our local communities.”

ESTHER BARES, Project Manager, Corporate Sustainability

“We have services which help ensure revenues generated locally are invested locally too. Given the globalisation of many networks and companies, it is increasingly important to protect local economies through appropriate monitoring and verification activities. We are committed to sharing our expertise locally. Indeed, a number of our community projects involve applying our skills to local projects, such as our vehicle inspection centre in the Ivory Coast, which uses its knowledge of vehicle safety to instil in primary school children the importance of road safety. We also provide pro bono services, such as ISO 9001 certifications to local community organisations. I believe we have an extraordinary opportunity within SGS to use our scale, expertise and passion to make a meaningful difference to hundreds of communities.”

FRED HERREN, Chief Operating Officer, Africa, and Executive Vice President, Governments and Institutions Services

Our Green Book enables us to provide our internal and external stakeholders with detailed analysis of our ‘triple bottom line’. In 2013, our employees volunteered 7 855 hours to community projects. This is a decrease of 5.0% against 2012, although overall investment in community projects has increased by 8.9%.

For more information on our approach to Community topics, performance and commitments for 2014, please see our online report www.sgs.com/cs-report2013
**SUPPORTING THE UN MILLENNIUM DEVELOPMENT GOALS.** At SGS, we contribute to the communities in which we operate through engagement and investment in projects aimed at improving quality of life, building capacity, supporting disaster relief and promoting environmental sustainability. The majority of our projects are aligned to the UN Millennium Development Goals (MDGs) which acknowledge the right of every person in the world to health, education, shelter and security. The following examples highlight our support of selected MDGs around the world.

**MDG 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION.** SGS Singapore hosts Career Day for pupils

The SGS Community Outreach Programme on Education (SCOPE), an initiative by SGS Singapore, involves primary school children meeting professionals in their work environment. Darajit Daud, Senior Manager, Operational Integrity, SGS Singapore/Malaysia describes the programme:

“In November 2013, we invited 24 pupils aged 11 and 12 to participate in a Career Day at our facilities to learn about SGS and our core values, the different professions within SGS, and the importance of safe working. Presentations by an accountant, a microbiologist, a recruiter, a chemist, a biotechnologist and an HR specialist described the jobs, training and core competencies required to qualify in each discipline. The children observed the laboratories through a glass screen, enjoyed a numbers game, and in our discovery room examined food specimens, inspected cultured fungi and moulds, tried on personal protective equipment and sampled electronic equipment.”

**DARAJIT DAUD,** Senior Manager, Operational Integrity, SGS Singapore/Malaysia

“We were very grateful that many of SGS staff members took time off their busy schedules. The pupils had an insight to the ‘real world’ and were delighted to take home photographs of themselves during the event and share their experiences. Thank you for the memorable experience and we look forward to having further collaboration with SGS in future.”

**MDM ZAHRAH ALI,** Eunos Primary School

SGS Myanmar employees get hands-on in local schools

SGS Myanmar employees are committed to supporting projects involving schools and orphans in local communities around the city of Yangon. Through their fundraising efforts, employees donated food and around CHF 500 to a Buddhist monastery orphanage school at Pan Ta Pwint Taung, as well as CHF 500 to the Mary Chapman School for children with hearing difficulties. In addition, our employees were determined to see through their commitment to repairing a dilapidated primary school in Hpa Yar Ngote. Having carried out some initial repairs in 2012, they returned in 2013 to complete the work by repairing floors and windows and finishing with a coat of paint. Donations of books, pencils and school bags were also made to the students.

SGS Thailand awards scholarships to high achievers

SGS Thailand awards educational scholarships to the children of SGS employees in recognition of their outstanding academic performance. In 2013, 65 scholarships were awarded which included 34 at primary school level, 29 at high school level, and two for university level education.

**SGS services support an education fund in Haiti**


**Jean Marie Guillaume,** General Director, Organe Executif du Conseil National des Telecommunications, Haiti

SGS has been providing LAYER4™ services in Haiti to generate revenues for a new National Fund for Education (NFE). Aimed at providing school fees for 1.5 million children, the NFE has totalled over CHF 32 million per year. Having installed and operated the equipment to monitor call traffic, SGS has enabled the recovery of revenues through the enforcement of a regulation which sets minimum price floor control measures for incoming international call termination fees.

“With their telecom governance technologies, SGS has empowered our agency in many ways. We are able to independently audit the industry and measure traffic flows. Above all, we now have the tools we need to assist the operators in their ongoing fight against fraud.”

**Jean Marie Guillaume,** General Director, Organe Executif du Conseil National des Telecommunications, Haiti

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MDG 3: PROMOTE GENDER EQUALITY.

SGS India celebrates International Women’s Day

International Women’s Day on 8 March is a day to celebrate the achievements of women, honour the struggles of women who fought for women’s rights and remind ourselves what more needs to be done to achieve gender equality. SGS India celebrated the day across various sites involving activities such as a charity drive, meditation and self-esteem sessions. Female employees from the Indore site visited the Aastha Seva Vrudhashram Trust and donated sarees and fruit to elderly residents.

MDG 5: IMPROVE MATERNAL HEALTH.

Turning waste into dignity

Innovative recycling scheme protects women’s health and dignity

Women are one of the most marginalised groups in rural India. Unable to afford sanitary products, women risk their health by using rags and other waste materials. Since 2004, Goonj, a humanitarian organisation in India, has been promoting the reuse of materials to address social needs. The ‘Not Just a Piece of Cloth’ initiative provides clean sanitary products but, more importantly, supports systemic changes linked to hygiene practices, behaviour change and education. SGS India became involved with Goonj in 2012 through its support of the organisation’s disaster relief efforts. During a visit to their New Delhi centre, Monika Sharma, Sustainability Manager, SGS India, observed a small workshop making ‘My Pad’ products. Waste textiles are cut, washed, dried, ironed, rolled and bundled into packs. Monika realised that waste fabric samples from our textile laboratories, which test small squares of fabric by washing them multiple times, could be used by Goonj. We now supply Goonj with clean textile material from our Gurgaon laboratory and have donated almost 800 kg, or 20,000 squares, of textiles so far – sufficient to meet a month’s requirement for 3,000 women. Since three other textile laboratories in India (in Chennai, Bangalore and Tirupur) have waste fabric samples, we are now planning to double our supply to Goonj.

“The washed cut piece of cotton cloth from SGS is a good raw material for ‘My Pad’. As this one comes neatly washed, it makes the process less time consuming.”

ANSHU GUPTA, Founder Director, Goonj

MDG 7: ENSURE ENVIRONMENTAL SUSTAINABILITY. TOPtoTOP

SGS is a principal sponsor of TOPtoTOP, a global climate expedition which aims to cross the world’s seven seas and seven summits using only human power and the forces of nature. Under the patronage of the United Nations Environment Programme, TOPtoTOP is active in 23 countries and visits schools to mobilise young people into action aimed at protecting the environment. Its message has reached more than 70,000 young people and engaged many in initiatives such as improving the water catchment system of a local school in Tanzania, and supporting a pilot solar project in the Massai country. Winners of the TOPtoTOP Climate Solution Award – granted to one student from each of the seven continents – visited the SGS head office in Geneva in January 2014 to learn about corporate sustainability. As award winners, the students will act as TOPtoTOP ambassadors, visiting schools and motivating young people in their own countries.

TOPtoTOP founder, Dario Schwoerer, had this to say about SGS’ involvement as a sponsor:

“Having SGS offices in each destination of the expedition helps with organising school visits and press conferences. SGS employees add particular value through their expertise. For example, in Panama, they helped us navigate through the Panama Canal, and in Alaska, SGS is helping to test new generation lithium batteries in our boat under Arctic conditions. Richard Turner, Head of Environmental Services in South Africa, will join us as we navigate the Northwest Passage. Having met many SGS employees along the way, many of them are engaged in our expedition. It is great to have common goals, and like us, SGS really does what it believes in.”

DARIO SCHWOERER, TOPtoTOP founder
WHEN QUALITY MATTERS. SGS Brazil supports local charities with ISO 9001 services

SGS Brazil assists organisations it has developed relationships with over time by providing ISO 9001 certification services on a pro bono basis. To date, we have helped eight charities who are involved in causes which resonate with employee concerns. For example, some are involved in providing healthcare services, while others support children with cancer. As a universally recognised mark of quality, the ISO 9001 certification can make a real difference to these organisations, with private companies willing to make donations to charities with robust management systems in place. SGS Brazil’s efforts in this area have led to it receiving recognition from a number of these charities as a ‘partner company’.

SECURING A CARBON NEUTRAL FUTURE

Alongside the MDGs, we recognise the urgent need to remove carbon from the atmosphere and want to play our part in supporting communities to reduce or eliminate greenhouse gas emissions. As part of our decision to become carbon neutral, we are investing in microcredit and microinsurance projects aimed at reducing or eliminating carbon while improving the lives of low-income people in our local communities.

DRIVERS OF THE FUTURE.

Teaching young people to stay safe on the roads

SGS West Africa provides vehicle inspection services through our company, SICTA, based on Ivory Coast. But checking that vehicles are safe to drive can only go so far towards ensuring that lives are protected on the road. Driving behaviour in the country is notoriously poor, with young teenagers taking to the road without having taken a driving test, and vehicle users generally having little regard for road markings, signage and speed limits. The absence of a safe driving culture means that far too many people are injured or die on the roads. By teaching the principles of safe driving to children of primary school age, it is hoped that this knowledge will stay with them as they mature into adults and learn to drive. Dominique Gouvernayre, Regional Managing Director for SGS West Africa heard about a model road system which demonstrates principles of safe driving. Using model vehicles with steering poles, children manoeuvre vehicles around the road system, paying due attention to the road markings and signage. Having invested in such a system, we piloted it with 12 of our employees’ children, aged under 10. Commenting on the pilot, Dominique said:

“My hope is that these children and many others will grow up learning to respect the road and become safe drivers. To think that such a simple idea, which is lots of fun for the children taking part, might one day save lives is extremely inspiring for me.”

DOMINIQUE GOVERNAYRE, Regional Managing Director, SGS West Africa
DISASTER RELIEF. The ability for communities to prepare and respond to catastrophic events in both the immediate aftermath and in the months and years afterwards depends on many factors including infrastructure and the willingness of governments to accept relief efforts offered from other countries. We use our local presence, skills and the support of our employees to provide help when and where it is needed.

SUPPORTING THE VICTIMS OF TYPHOON HAIYAN
Typhoon Haiyan was an exceptionally powerful tropical cyclone which devastated portions of Southeast Asia, particularly the Philippines, in early November 2013. The deadliest typhoon recorded in the Philippines, it killed almost 6,000 people in the country alone.

A fundraising platform for employees was established to donate funds for the immediate relief of people affected by the disaster, with all donations being matched by the company. Locally, SGS Philippines set up an internal relief fund for victims including SGS employees and their families who had been affected. By mid-December, over CHF 22,000 of the funds were distributed to provide 29 shelter kits through Habitat for Humanity, and financial assistance to relatives of 24 local SGS employees. By mid-January 2014, total donations exceeded CHF 100,000. Our aim in the longer-term is to invest in the rehabilitation effort by funding 150 shelters for families affected by the disaster.

RESPONDING TO A MAJOR NATURAL DISASTER IN INDIA
In June 2013, a multiday cloudburst centred on the North Indian state of Uttarakhand causing devastating floods and landslides in the country’s worst natural disaster since the 2004 tsunami. Almost 6,000 people were presumed dead and more than 100,000 people were evacuated from the flood ravaged area. Given its ongoing support of the local charity, Goonj, employees of SGS India came together to donate money to contribute to the relief fund. In total, CHF 3,725 was donated by employees and an equal amount was contributed at corporate level, bringing the total donation to CHF 7,962. In addition, SGS donated food, groceries and textiles to support the relief work.
CAPACITY BUILDING. Through our services and our community projects, we promote ethical business practices and capacity building aimed at advancing economic, ecological and social development at grassroots level.

LENDING FOR GOOD. Investment Fund for Developing Countries (IFU)

The Investment Fund for Developing Countries (IFU), based in Denmark, promotes economic activity in developing countries by investing in a range of production and service companies. Positive performance on Corporate Social Responsibility (CSR) acts as an anchor for the IFU investment, and companies in which it invests are expected to operate responsibly and adopt a progressive approach. SGS was commissioned by the IFU to evaluate the CSR performance of the companies, and support them in improving their strategic planning and implementation. Our reviews focused on the core sustainability areas covering policy and performance on human rights, labour rights, environment, and business ethics concerns such as anti-corruption. Our knowledge of global standards, protocols and conventions combined with local knowledge of regulatory requirements and cultural norms, enabled us to support CSR capacity building and ISO 26000-based sustainability strategies across a range of companies in countries such as Ghana, Nigeria, Benin, Liberia, Ivory Coast and Cameroon.

IFU has received positive feedback on the CSR reviews from several companies. It seems that a review of CSR performance is valuable for both IFU and the companies reviewed. Specific actions have been suggested for all companies to further improve.”

CAROLE WELTON KAAGAARD, Corporate Social Responsibility Advisor, IFU

MEASURING IMPACT. We measure our community performance using indicators linked to the number of projects globally, the level of company investment, and the number of employee volunteering hours. In addition, our annual community survey analyses the inputs and the social, environmental and economic outcomes of our main projects.

PROFILE OF OUR COMMUNITY PROJECTS. SGS supports almost 300 community projects globally.

Around the world, SGS employees support projects linked to environmental, social and economic development, through mainly volunteering and donations of cash and in-kind gifts. Our annual global community survey measures the inputs and outcomes of our key projects. According to our 2013 survey, which captured data from 84 projects, 56% support the UN Millennium Development Goals, with the majority linked to ensuring environmental sustainability, eradicating extreme poverty and hunger, and achieving universal primary education. In addition, 9% of projects involve supporting disaster relief efforts. Over half of the projects are supported through employee volunteering, 15% benefit from pro bono services and the remainder are supported through sponsorships, donations and in-kind giving.

COVERED OF THE UN MILLENNIUM DEVELOPMENT GOALS BY SGS COMMUNITY PROJECTS
ASSURANCE STATEMENT

REPORT ON THE INTERNAL ASSURANCE OF SGS CORPORATE SUSTAINABILITY REPORT 2013

NATURE AND SCOPE THE ASSURANCE

The scope of this assurance was the text, performance data and a review of the management of this data in the Sustainability Highlights and the Sustainability Report web pages as marked.

This Corporate Sustainability Report has been assured using SGS’ own protocols to ensure consistency with the service offered to customers and follows the basic protocol for content veracity. The assurance comprised a combination of documentation review and validation and face-to-face interviews with relevant employees at the Head Office in Geneva and at affiliate level. Audit reviews of data samples and management were also carried out in selected sites. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors with the following qualifications: Lead Quality, Health and Safety, Environmental and SA8000 Auditor and Assurance Practitioner.

The responsibility of the assurance team is to express an opinion on the text, data, graphs and statements within the scope of verification, to evaluate the report against the GRI Sustainability Reporting Guidelines G4 (2013) - Identified Material Aspects and Boundaries (Ref G417 – G427) with the intention to inform all SGS’ stakeholders and to inform improvements in the process for future reporting.

This Report has been assured at a moderate level of scrutiny using our protocols for:

• evaluation of content veracity;

ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within Corporate Sustainability Report 2013 is reliable and provides a fair and balanced representation of SGS activities in 2013 within the limitations of the stated reporting scope.

In our opinion the SGS Corporate Sustainability Report 2013 fulfils the content and quality criteria for Global Reporting Initiative Sustainability Reporting Guidelines GRI 4 (2013) Identified Material Aspects and Boundaries (Ref G417 – G427).

RECOMMENDATIONS

The commitments made by SGS in this Report will take reporting further and it is recommended that:

• SGS has made significant improvement in the methodology for the identification of material aspects and has acknowledged that such an evaluation should be extended at the SGS affiliate level, there is still room for improvement to extend this methodology at the local level.
• During their reporting history, SGS has strived to improve the quality of the data used to provide consolidated results. It is however specifically recommended that the methodology to consolidate the data used to demonstrate the Energy Efficiency be more transparently described.
• The review of the process for the Identification of Material Aspects should be included in future reporting to be clear on the decision making process and setting of the threshold for prioritising material aspects.

A report has been prepared for SGS management which includes a detailed set of recommendations to help identify areas for future improvement.

Rita Godfrey
Lead SRA Assuror
February 2014

Michel Mooser
SRA Assuror
February 2014

For more information, and to read statements on our report provided by key stakeholder groups, see www.sgs.com/cs-assurance

FIND THE REPORT ONLINE AT
WWW.SGS.COM/CS-REPORT2013
CLOSING REMARKS

DEAR STAKEHOLDERS,

Five years marks an important milestone on our journey to creating a sustainable company. Looking back, we have made significant progress in embedding a sustainable business culture, one in which our employees understand the important role that sustainability plays in our business and feel motivated to contribute directly through their work. Over this time, the company has undergone significant transformation, with our employee base growing by more than 40% to over 80,000 employees and our revenue increasing to CHF 5,830 million.

This scale of growth also implies impacts on the environment and society. For instance, while our energy saving programmes are starting to deliver operational efficiencies, our overall energy consumption has increased as a result of organic growth, around 60 acquisitions in diverse business segments, and an increase in headcount. Nevertheless, our investment in recent years in creating the management structures and systems required to support our growth plan is enabling greater operational efficiency. In addition, our global programmes linked to our Code of Integrity, employee onboarding and engagement, and safety and environmental behaviour change are nurturing a culture whereby employees uphold our principles, are prepared to share their views, respect their own and others’ safety, and help make our business more sustainable. With this strong foundation, we are confident that the business is ready to accelerate progress on our sustainability plan.

Looking to the year ahead, we will launch a global programme to offset carbon emissions through investment in microcredit and microinsurance schemes which will benefit local communities. We will launch a new e-learning programme on our Code of Integrity to ensure all our employees are aware of our ethical conduct requirements. In 2014, we will also expand our CATALYST employee survey, enabling more employees around the world to formally provide feedback to the company, and we will begin to monitor the impact of our SHINE programme now that it has been implemented globally. We will once again encourage employees to improve their health through the Global Corporate Challenge, and we will continue to support employees to actively volunteer their time and skills in their local communities.

We would like to thank our employees and managers around the world who make sustainability an integral part of the way we do business. We look forward to working with you to deliver positive sustainable change in 2014 and beyond.

Christopher Kirk
Chief Executive Officer

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Vice President, Corporate Sustainability

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