SGS INVESTOR DAYS 24 – 25 OCTOBER 2013 USA

SGS
OPERATIONAL INTEGRITY

Brian Dunagan - VP - Operational Integrity

Investor Days, 24-25 October 2013

WHEN YOU NEED TO BE SURE

SGS

WHAT IS OPERATIONAL INTEGRITY (OI)?

- QUALITY - Implementing organizational systems, procedures and processes to provide highest quality service and standards.
- HEALTH - Protection of the health and welfare of every employee are of highest priority to SGS management
- SAFETY - Every SGS employee has an equal right to a safe and healthy work environment.
- ENVIRONMENT - Environmental standards and regulations are abided by and every care is taken to respect our natural environment.

WHY IS OI IMPORTANT TO SGS ?

SAVE LIVES

We owe it to our **EMPLOYEES** and the **COMMUNITIES** in which we operate

our combined morals and sense of **INTEGRITY** as a company demand it

Operating safely is a **DIFFERENTIATOR** for new business and client retention

CUSTOMER expectations and regulatory requirements

Companies that manage health and safety well **PERFORM BETTER** than their peers

ELIMINATION AND MITIGATION of operational **RISKS** in the organization

OWNERSHIP OF OI AT SGS

- QHSE performance is a measure of operational effectiveness and a KEY METRIC of business success.
- Field implementation and management of Operational Integrity is the RESPONSIBILITY OF EACH FRONT LINE SUPERVISOR AND MANAGER.
- The OI professional staff PARTNER with management, they identify opportunities for improvement and provide SOLUTIONS.
- OI professionals provide SUPPORT in building the safety culture in SGS and retain RESPONSIBILITY for the integrity of operational QHSE.

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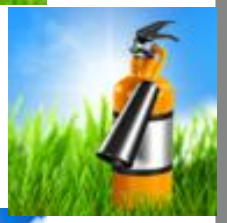
OPERATIONAL INTEGRITY INITIATIVES 2013/2014



Crystal Incident Reporting Tool

- Migration of the system from V5 to V6 by 2014 to improve user experience and system functionality
- Ongoing improvement of usability and functionality throughout 2013 and 2014 based on ongoing feedback
- Development and implementation of the Auditing, Non-conformance, Training and Document Management Tools 2013-2014

OI Management System

- One Integrated Management System developed in 2012.
- Standardizes policies, requirements and procedures across the Group.
- Pilot roll-out ended in 2012.
- Continued implementation throughout SGS regions and business lines in 2013-2014.

OI Workshops and Continuing Education

- Training provided for Global OI Initiatives, SGS OI Methodologies, Industrial Hygiene, and Technical Safety

SGS Rules for Life

- Clear and simple set of non-negotiable safety rules focusing on eliminating fatal incidents.
- Issued globally in 2012 for all SGS employees and contractors.
- Continued support and implementation in 2013-2014

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OPERATIONAL INTEGRITY INITIATIVES 2013/2014

Industrial Hygiene

- Provision of internal industrial hygiene consulting to business lines and local affiliates faced with complex and difficult situations
- IH Data Management Tool implementation in 2013

Communication & Accessibility

- Global OI Portal with links to Regional and Country OI websites and multimedia material.
- OI Blog, Best Practices
- Mobile Apps Development and Implementation
- Quarterly OI Focus Campaigns
- Safety Day June 19th, 2013.

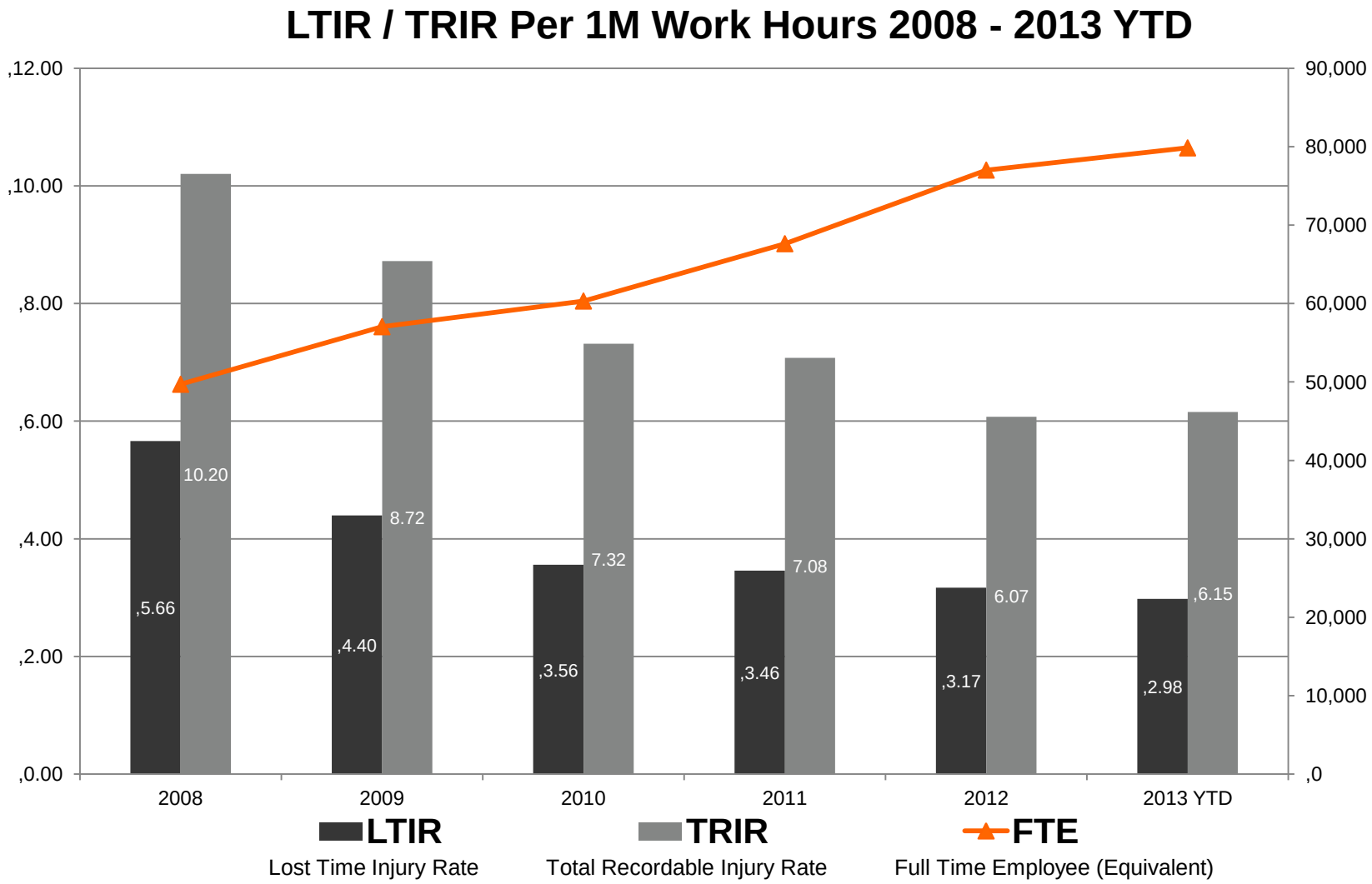
OI Safety Videos

- SGS industry specific videos have been developed to address issues specific to our businesses.
- Used for training and induction of SGS staff and contractors.
- OI Focus Campaign Videos
- SGS Safety Day Video

OI Assurance and Governance

- Audits and site visits taking place globally.
- Standards development on-going.
- Training of auditors in technical aspects of health, safety, and environmental management

INJURY FREQUENCY RATES 2010 - SEPTEMBER 2013



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THE PLAN – OI GOALS FOR 2014

" We know that more effective management of QHSE risk will help us achieve our 2014 goals. To help us reach these goals, we are reorganizing the existing QHSE functions company-wide into a single organization that is going to be called Operational Integrity (OI)." Chris Kirk CEO

- **Here are the OI goals we are going to reach by the end of 2014:**
  - Elimination of occupational deaths and a significant reduction in the number of injuries and other losses.
  - Proactive management of operational risks in the organization (fires, hazardous material releases, major asset losses, etc)
  - Every SGS employee will work in a safe and healthy work environment
  - Line management is responsible for operational QHSE with professional OI staff serving as facilitators and subject matter experts

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CASE STUDY
PEMEX MEXICO CITY GAS EXPLOSION

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PEMEX MEXICO CITY GAS EXPLOSION

- SGS was appointed by Pemex and the Mexican Government to complete an independent investigation to determine cause(s) of the accident and contributing factors.
- The incident resulted in the deaths of 37 people and seriously injured more than 126 others.
- The investigation was managed by Group OI with more than 35 investigators and support staff assigned to the project.
- Highly complex and technical incident investigation with numerous subject matter experts required to complete causal determination.
- Investigation with fast track schedule and extremely high levels of public interest and scrutiny.
- The explosion and subsequent partial building collapse was caused by an accumulation of methane in the building's sub-basement and was ignited by contractors performing maintenance work.
- The investigation was completed and the final reports delivered on time; meeting the needs of Pemex, the Mexican Federal Government and the insurance underwriters to take further action to prevent recurrence, consider lessons learned and safely return to normal operations at the site.

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2014
FOR THE COMPLETE PICTURE

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