

2019 GROUP PROFILE

ENGLISH



OUR VALUE

TO SOCIETY

We add more than just financial value to society. Through our integrated leadership approach, we strive to become an ever more sustainable company and maximize the positive impact we can have. Our stakeholders (employees and suppliers, investors, customers, governments and industries, consumers, and communities and the planet) are the ultimate beneficiaries of this effort. In order to measure our success, we are developing an innovative impact valuation model to quantify our value to society.

OUR VISION

We aim to be the most competitive and the most productive service organization in the world. Our core competencies in inspection, verification, testing and certification are being continuously improved to be best in class. They are at the heart of what we are. Our chosen markets are and will be determined by our ability to be the most competitive and to consistently deliver unequalled service to our customers.

OUR VALUES

We seek to be characterized by our passion, integrity, entrepreneurialism and our innovative spirit, as we continually strive to fulfill our vision. These values guide us in all that we do and are the bedrock upon which our organization is built.

OUR HISTORY

Established in 1878, SGS transformed grain trading in Europe by offering innovative agricultural inspection services.

From those early beginnings, we steadily grew in size and scope as our agricultural inspection services spread around the world.

During the mid-20th century, we began to diversify and started offering inspection, testing and verification services across a variety of sectors, including industrial, minerals, oil, gas, and chemicals.

In 1981, SGS was listed on the Swiss Stock Exchange and forged an unrivaled reputation as the industry leader in finding solutions to the complex challenges faced every day by organizations.

Our consultancy, outsourcing and training services complement our core inspection, verification, testing and certification services in delivering these solutions across all industries.

Through our unique global network, we deliver independent results tailored to the precise needs of each industry or sector. Our customers trust in our expertise, experience and resources to support them in achieving outstanding performance in everything they do.

Today, our focus is on innovative ways to deliver business benefits. This enables us to help our customers improve quality, safety, efficiency, productivity and speed to market while reducing risk and building trust in sustainable operations.



"We are committed to delivering sustainable value to society. Ensuring that our supply chain and direct operations have a positive impact beyond the traditional financial benefits is an integral part of our success and leadership."

FRANKIE NG
Chief Executive Officer

THE BENEFITS

WE DELIVER

QUALITY

Our customers rely on our independent third-party inspection, testing and auditing solutions to ensure products, services and processes comply with the latest quality standards. Our global network of state-of-the-art facilities provides information to certify and verify quality worldwide.

PRODUCTIVITY

Our training and outsourcing solutions ensure productivity keeps pace with developments in our customers' organizations. In the short term, we offer the knowledge of our world-class productivity experts. In the long term, we deliver focused training to develop specialist skills in our customers' workforce.

SAFETY

We help organizations develop effective health and safety systems to protect employees, generate consumer confidence and enhance trust in business operations. We support our customers in adhering to best practices and complying with local, national and international regulations.

EFFICIENCY

Our tailored business solutions help our customers implement processes and systems that make business operations faster, simpler and more efficient. We deliver unrivaled efficiency results from our local experts, who draw on the global experience of the entire SGS network.

TRUST

Our global reputation for independence and integrity enables us to build trust wherever needed. We provide transparent and unbiased inspection, testing, verification and certification solutions so our customers can give assurance in their products, processes, systems and services.

REDUCED RISK

We provide our customers with independent and impartial services that enable them to identify, manage and reduce risk. Our experts deliver risk management solutions, drawing on our testing and inspection capabilities, to verify that risk prevention measures are in place. We assist with the compliance of international risk management standards across a wide range of industries.

SPEED TO MARKET

Compliance with the requirements of target markets is key to increasing speed to market. Our consultancy, testing and certification services help our customers overcome the complex challenges of understanding and meeting market demands anywhere in the world, whatever the industry or sector.

SUSTAINABILITY

We help our customers take ownership of building a more responsible and sustainable future. We encourage environmental responsibility and reduce the risk of corruption in our customers' projects. Our services assist in developing sustainable facilities and production, as well as better working and social environments.



SGS BY INDUSTRY



SGS offers services across 11 major industries through our nine business lines. Each business line develops and maintains world-class expertise to support the evolving needs of our customers. Thanks to our capabilities we are able to provide solutions to the challenges they face across the globe. SGS' industries are outlined below.

AGRICULTURE AND FOOD

Innovative safety, quality and sustainability solutions for your supply chain.

Consumers want assurance of safety and quality at every stage of the food production process. Our services build trust, reduce risk and maintain efficiency across diverse agriculture and food supply chains. We offer traditional and new digital services for agrochemicals, seeds, biofuels, fertilizers, food and forestry, adding value in all sectors by using the latest technology to increase efficiency and help clients to work smarter. From primary production to consumption, we assist with legislation compliance, correct storage, shipping, packing and distribution as well as import and export product inspection. Our expertise protects the integrity of our customers' brands by assessing quality, adding value and securing safe and sustainable global supply chains.

CHEMICAL

Innovation, optimization and efficiency in everything from feedstocks to finished products.

Industrial chemical companies use our services to optimize their production, reduce risk and control potential health hazards. We work with our partners to establish and maintain quality, safety and compliance throughout the custody chain, from feedstocks through chemical intermediates and into finished products. Our consultancy services provide laboratory design, commissioning and operations assistance. We operate using established benchmarks, international standards and techniques to improve productivity and efficiency through training, optimization services and project lifecycle programs.

CONSTRUCTION

Ensuring safety and performance in the environment where we work and live. Safe, efficient and trusted processes are essential when constructing buildings or infrastructure.

We support our customers in implementing effective scheduling, budgeting, site safety and logistics by using modern asset virtualization tools. We conduct risk assessment, construction supervision and project management across all types of construction. We ensure quality throughout the global supply chain by performing chemical and physical testing of materials services, and providing facility, waste and energy audits. Our asset management systems are increasingly based on real-time sensor technology, which monitors structures' defects and behaviors.

CONSUMER GOODS AND RETAIL

Generating trust throughout the supply chain. Our services enable manufacturers, exporters, importers and retailers to gain a competitive edge.

We ensure trusted, ethical and environmentally conscious goods, such as electronics, textiles, footwear, toys, furniture, housewares, fashion jewelry and cosmetics, reach consumers. Our laboratories conduct material, chemical and performance testing to verify and certify that products are safe and perform as our customers claim. We inspect processes at every stage of production and undertake retail store audits to ensure our customers' brands are represented correctly. We help our customers develop products, processes and supply chains that consumers trust every day.

ENERGY

Powering processes from renewables to conventional energy.

As the energy sector evolves to meet emerging needs, regulations and expectations, we offer a portfolio of services focused on efficiency, optimization, asset integrity and innovation. We provide support across the entire energy sector with a comprehensive range of independent inspections, audits and business enhancement services. Whatever the industry – petroleum, gas, electrical power, coal or renewable energy – we offer solutions to our partners. We enable each customer to better assess and manage risk in all operations. In renewables, we consult on sustainability across hydroelectric, geothermal, wind and solar power. Our solutions help the energy sector innovate to find tomorrow's energy today.

INDUSTRIAL MANUFACTURING

Making manufacturing more productive and profitable.

Our expertise allows manufacturers to improve productivity, follow best practices and streamline operational processes and logistics. Industrial manufacturers in sectors ranging from pharmaceuticals to farm machinery, and aerospace to automotive trust in our independent testing and conformity services. Our advice on the fabrication of components along with our finished product assessments, enable our customers to achieve high performance standards throughout manufacturing. We support manufacturers in complying with all national and international quality, health and safety legislation, at the same time as providing advice on minimizing the environmental impact.

LIFE SCIENCES

Safeguarding the quality and efficacy of medicines.

In the pharmaceutical, biopharmaceutical and medical device industries, products must conform to all national and international regulations, as well as industry best practices. Our services enable high-quality, safe and compliant products to reach the market in the shortest possible time. We provide vital support and expertise for medicines and medical devices throughout every stage of development, testing, production and distribution. With a wholly-owned network of contract analytical laboratories and state-of-the-art clinical trials facilities around the world, our customers trust in our expert knowledge to support them with reliable results.

MINING

Delivering expert services to improve speed to market, manage risks and maximize returns.

Mining is an industry driven by the need to optimize recovery without compromising on safety, environmental sustainability and integrity. We are a strategic partner in the mining industry providing testing, engineering, technology and trade support, as well as production optimization services. We deliver sustainable solutions across exploration, production, industrial applications, decommissioning and closure. We help to enhance asset value and optimize recoveries in industrial minerals and precious and base metals extraction. We offer technical expertise in steel manufacturing processes and

fertilizer, coal and coke trading. Our expansive global footprint allows our customers to take full advantage of our network to service their project needs across the globe.

OIL AND GAS

Innovative solutions that add up along the value chain.

The oil and gas industry is constantly seeking innovation and efficiency. We offer a comprehensive portfolio of services across the entire value chain in the oil and gas industry, giving our partners access to independent expertise in both the upstream and downstream sectors. We deliver tailored solutions in exploration, extraction, refining, logistics and the retail of oil, gas and other hydrocarbons. Our core convictions, including excellence with regard to health and safety, innovation and trust, are well established. In an industry undergoing radical change, we are optimizing the use of data analytics. Our specialist advice and knowledge support upstream activities, such as subsurface consultancy, metering and well-testing solutions. Our downstream services support trade logistics, retail as well as innovative fuels through the delivery of optimized processes for global trade.

PUBLIC SECTOR

Facilitating trade and sustainable development, protecting society against fraud and economic crime.

Public sector organizations require solutions designed to work in harmony with the processes and policies they

already have in place. Our unrivaled border control services for scanner installation, transit monitoring and risk profiling support the public sector in reducing risk worldwide. Our e-government solutions enhance international trade and revenue processing. We improve visibility, efficiency and accountability in the aid and development sector. Our customers trust our knowledge of quality, health, safety and environmental issues to comply with complex regulations. We improve quality and maximize productivity across the public sector.

TRANSPORTATION

Driving a safer, cleaner and more efficient industry.

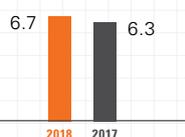
Improving performance and reducing risk is essential to our customers. For products and services across the transportation industry, from automotive, rail and marine to aerospace, we lead quality improvements and verify that efficiency is maximized. We support our clients in achieving shorter delivery times at reduced costs and higher value for their customers. Our experts help to minimize the environmental impact of our customers' products and services through conformity and compliance to standards and regulations. Through the use of our global network, laboratories and testing centers, we offer a truly unique and independent service.



FINANCIAL HIGHLIGHTS

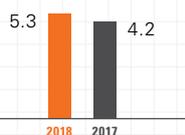
FROM 2018

CHF **6.7** BN



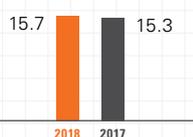
REVENUE **+6.0%**¹

5.3 %



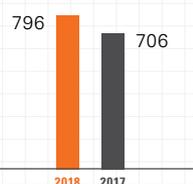
ORGANIC GROWTH

15.7 %



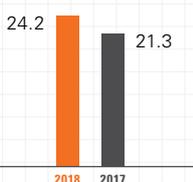
ADJUSTED OPERATING MARGIN²

CHF **796** MIO



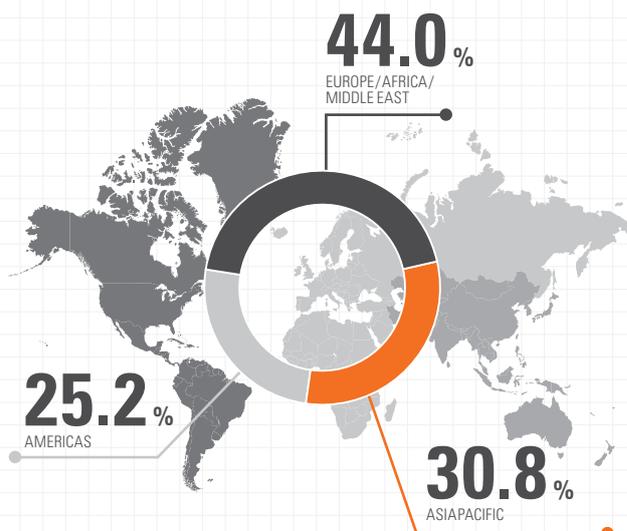
FREE CASH FLOW **+12.7%**³

24.2 %



ROIC⁴

REVENUE BY REGION



REVENUE BY BUSINESS



1. Constant currency basis.

2. Before amortization of acquired intangibles and non-recurring items.

3. Cash flow from operating activities net of capital expenditure.

4. Profit for the period / (Non-current assets + Net Working Capital).

BUSINESS PRINCIPLES

SGS' Business Principles are the cornerstone on which all of our activity rests. They are held to be fundamental, overarching beliefs and behaviors that guide our decisions and allow us to embody the SGS brand in everything we do.



INTEGRITY



RESPECT



HEALTH AND SAFETY



QUALITY AND PROFESSIONALISM



LEADERSHIP



SUSTAINABILITY

SUSTAINABILITY ACHIEVEMENTS

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

SGS was named Industry Leader by the Dow Jones Sustainability Index for the fifth year



FTSE4Good

SGS was included in the FTSE4Good Index for the second year



SGS was named Carbon Disclosure Project (CDP) Supplier Engagement Leader

VALUE TO SOCIETY

For the second year running, SGS is a net positive company

CARBON NEUTRAL

SGS maintained its status as a carbon neutral company



SGS received a gold rating from EcoVadis for the fourth year



SGS received the Robecosam Gold Class Award for its excellent sustainability performance

CHF **1.55** MIO

CHF 1.55 million invested in communities and 18 544 hours of community volunteering performed by SGS employees

63%

Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR) reduced by 63% and 58%, respectively, since 2014

Find out more about Sustainability at SGS <http://www.sgs.com/en/our-company/corporate-sustainability/sustainability-at-sgs>

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WHEN YOU NEED TO BE SURE

SGS