

# Leadership and Innovation

Since 1878



SGS



It is 1878 and this young man seizes an opportunity that one day will become the global benchmark in quality and integrity.

## Early beginnings

Henri Goldstuck, a young Latvian immigrant, sits on the docks of Rouen as ships come and go – the arteries of an industrialized Europe pulsating rapidly before his eyes in one of the continent's largest ports. Opportunities abound.

From its early beginnings inspecting grain shipments, SGS now leads the industry that it helped pioneer on the docks of Rouen that day in 1878.

What this young man realized was that grain exporters were losing money because they were not being represented

at the port of destination. Importers would only pay for the amount of grain received, not what was shipped. During transit, and especially in loading and unloading, there were losses in the volume of grain due to shrinkage and theft.

His idea was to defend the rights of the exporter by inspecting and verifying the quantity and quality of the grain on arrival with the importer. In return for this service, he would receive a commission from the exporter based on the value of the shipment.

1913

By 1913, the company that began with the inspection of a single grain shipment from Russia to France had seen incredible growth.

The company was inspecting 21 million tonnes of grain per year across a network of 45 offices throughout Europe and had become the leader in the grain inspection business.



## The first inspection

He borrowed money from an Austrian friend and began inspecting grain shipments on arrival in Rouen. The service reduced exporters' losses and increased their profits. Word spread about the value of the service and business grew rapidly.

These two young entrepreneurs went into business together and formed a company on 12 December 1878. Within a year, the company had opened offices in France's three largest ports: Le Havre, Dunkirk and Marseille. One early innovation that helped the company build on its reputation was the Full Outturn Guarantee (FOG).

Still provided by SGS today, this service reimburses the exporter for the loss of grain during shipping, as long as SGS is allowed to inspect the cargo at both loading and unloading.

First established for the North American grain trade with Europe, the service expanded around the world and brought in considerable revenue for the company.

## Turbulent times

The First World War was a bleak time for the company, with both its customers and its own offices divided by the trenches. In 1915, the company moved its headquarters from Paris to Geneva, Switzerland, to continue operations from a neutral country.

By 1928, the company had grown internationally, with offices and affiliates in 21 countries around the world. In 1939 the company expanded into the inspection and analysis of raw materials, minerals and metals through the acquisition of laboratories in Europe.

In addition, the company started operating in South America, with offices in Argentina and Brazil, delivering agricultural inspection services.

The Second World War brought severe disruption to global trade and as a result impacted the company's core grain inspection business. The company was able to make a rapid return to profitability by 1946 through contracts with the Allied powers inspecting consumer goods destined for soldiers. SGS also played a key role in inspecting imports entering Europe under the Marshall Plan.

On 19 July 1919, the company took a further step in rebuilding and adopted the name it carries today, Société Générale de Surveillance.

1919



## Post-war expansion and diversification

In 1950, 80% of the company's revenue still came from its core Agricultural Services business, however a steady change was underway.

Company management realized that to survive over the long-term, SGS needed to diversify its business. Over the following years, SGS would continue to expand and diversify.

The company's Industrial Services business began in 1955 with the inspection of industrial machines and goods and grew further in 1965 with the acquisition of a company that specialized in non-destructive testing. The Oil, Gas & Chemical Services business also began in this same period.

In 1962, SGS acquired several companies that were leaders in oil and petrochemical products testing. Also during this time, the Minerals Services business grew by providing Full Outturn Guarantee (FOG) services to customers.

Decolonization in Africa and Asia, as well as development in Latin America, provided SGS with new markets to explore. It was in this period that the Governments & Institutions Services business began by providing pre-shipment inspection services to customs authorities. SGS assessed the value of goods in the country of supply, allowing the collection of appropriate taxes and duties from importers and exporters.

In 1965, the company won its first contract for this service in the Congo. Business in South America also expanded to include consumer testing, industrial and certification services.

The 1970s saw more awareness of the environmental impact of industry.

With the institution of laws to clean up and protect the North Sea, the company began providing environmental consultancy and remediation services to customers in the oil and gas sector. Demand for environmental services soon spread to other business sectors.

1950

1965

1970

## Moving toward a sustainable future

By 1980, half of the company's revenue was generated from services that had not even existed in 1970.

The company now had 113 offices, 57 laboratories and 9,500 employees working in over 140 countries around the world. In 1981, the company went public and less than four years later, sales had reached an impressive CHF 1.5 billion.

The late 1980s saw the creation of the Life Science Services and Systems & Services Certification business lines through acquisition. In this same period, Automotive Services grew out of the company's loss adjusting services primarily for the automotive industry.

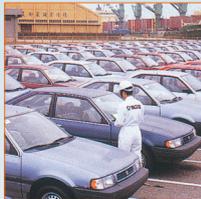
The dawn of the 1990s saw great opportunities for a company whose success was, and continues to be, based on global

trade. With the fall of the Soviet Union, previously closed economies were now open for business and by the end of the decade, SGS had opened 28 offices in the region.

Booming economies in Asia and Latin America also added to the company's growth.

In 1991, SGS expanded into China through the start of a joint venture.

Today, SGS China has 15,000+ staff working in a network of over 90 offices and more than 200 laboratories, providing professional testing, inspection and certification services to various market segments across the Group business portfolio.



1980

1991



## Enabling a better, safer and more interconnected world

In 2014, we became a carbon neutral company and, since then, have been recognized for our sustainability leadership in the Dow Jones Sustainability Index (DJSI). Since 2016 we have also received the Robecosam Sustainability Award and Ecovadis Gold rating as well as joining the FTSE4Good index.

As part of our journey to become a more digital company we introduced SGS Online in 2018, offering services directly to consumers across four service lines. To ensure a safer digital world we co-signed a Charter of Trust on Cybersecurity, which outlines 10 principles to protect data and prevent damage to business-critical data.

In line with our strategy to evolve our portfolio to align our business more closely to customer demand and the megatrends, we parted ways with Petroleum

Services Corporation in 2019, which was the largest disposal in Group history. Then, at the end of 2020, we completed the largest acquisition in Group history, SYNLAB Analytics & Services, which provides environmental, food, hygiene, pharma and product analysis and testing. The acquisition enhances our market position in Europe and accelerates the adoption of our hub and spoke model, offering greater scope for automation and digitalization. During the same period, our laboratories in Shanghai, Taunusstein and Bangkok achieved their first external audits moving them closer to our World Class Services milestone to improve productivity, reduce organizational waste and enhance working conditions.

In 2021, we evolved our new SGS corporate structure to further align with the key megatrends and to customer demand. SGS now consists of four divisions: Connectivity & Products, Health & Nutrition, Industries & Environment, Natural Resources and two Cross-Divisional Strategic Units: Knowledge and Digital & Innovation. Our new structure supports our purpose of adding value to society by enabling a better, safer and more interconnected world for all our stakeholders.

Increasingly, this means supporting customers on their journey to sustainability throughout their operations and supply chains, whatever their level of maturity in the process.

SGS is well positioned for growth and will continue to look beyond customers' and society's expectations in order to deliver market leading services wherever they are needed.

2014

2018

2019

2020

NOW

[www.sgs.com](http://www.sgs.com)

WHEN YOU NEED TO BE SURE

