



CORPORATE SUSTAINABILITY – FACT SHEET

WHEN WE NEED TO BE SURE

Our success and value to society is dependent on us exercising foresight, judgement and responsiveness to the needs of our stakeholders. This means applying the same scrutiny to our own operations as to our customers' while striving for operational excellence.

DOING MORE WITH LESS HAS BECOME OUR BUSINESS MANTRA. ACHIEVING OPERATIONAL EXCELLENCE THROUGH LEADERSHIP AND EXPERTISE, STREAMLINING PROCESSES, BETTER UTILISING NATURAL RESOURCES AND IMPROVING PRODUCTIVITY; THIS APPROACH IS IN PERFECT SYMMETRY WITH OUR SUSTAINABILITY OBJECTIVE TO SUPPORT BUSINESS GROWTH WHILE MANAGING OUR SOCIAL AND ENVIRONMENTAL IMPACTS.

PROFESSIONAL EXCELLENCE*

OUR PERFORMANCE ANALYSIS

In 2012, 198 concerns were reported via our global helplines or directly to the SGS Compliance team. Of those investigated, 91 were found not to have breached the Code of Integrity. Of the remaining reported concerns, investigations revealed 46 confirmed breaches of the Code of Integrity.

71 148 employees received face-to-face training on the Code of Integrity in 2012, representing 95% of employees. The remaining employees will receive training as part of our annual integrity training and e-learning programmes in 2013.

71 148

employees received training on the Code of Integrity in 2012

CODE OF INTEGRITY

	2010	2011	2012	REMARKS AND COMMENTS
Code of Integrity reports to helplines <i>Total number of integrity issues reported through integrity helplines</i>	150	168	198	<i>Includes data from the confidential hotline dedicated to investigating potential cases of discrimination in the US</i>
Code of Integrity investigations <i>Total number of valid reports investigated concluding in no breaches</i>	53	52	91	
Code of Integrity non-compliances <i>Total number of breaches of the Code of Integrity identified through integrity helplines</i>	29	22	46	
Employees signing the Code of Integrity <i>% of employees signing the Code of Integrity</i>	100	100	100	
Approximate hours of training undertaken across SGS on the Code of Integrity			71 148 <i>employees trained during 1 hour face-to face training equating to approximately 71 148 hours of training</i>	<i>Repeated annually</i>
Percentage and total number of business units analysed for risks related to corruption			17 risk assessments carried out in 2012, covering 13% of operations. The assessment includes corruption as a risk factor	
Actions taken in response to incidents of corruption			5 cases of incidents of corruption in 2012 resulting in termination of employment and criminal prosecution	

*On pages 4-7 data covers all SGS operations except for the sustainability e-learning.

THINK

VALUES
TRUST
HONESTY
ETHICS

SGS CODE OF INTEGRITY

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WHEN YOU NEED TO BE SURE

SGS

OUR PERFORMANCE

BUSINESS INTEGRITY

	2012 PERFORMANCE	REMARKS AND COMMENTS
Financial assistance received from governments	No significant financial assistance received	Various small-scale energy saving incentives received from government-related departments
Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	0	Prohibited by the Code of Integrity
Number of legal actions related to anti-competitive behaviour, anti-trust and monopoly practices	No legal action pending or threatened	
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	0	
Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	0	
Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	0	
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	0	
Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	0	
Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of SGS services by type of outcomes	4	Refers to cases that have been reported through the SGS Compliance function

HUMAN RIGHTS

	2012 PERFORMANCE	REMARKS AND COMMENTS
Operations identified as having significant risk for incidence of child labour, forced or compulsory labour, or where the right to exercise freedom of association may be violated	No significant risks identified	All aspects covered under the Code of Integrity
Total number of incidents of discrimination and actions taken	8 alleged cases	Four cases closed due to lack of substance; one closed as HR-related; one closed as employee relations; one case pending; one case of discrimination
Total number of incidents of violations involving rights of indigenous people and actions taken	0	
Number of grievances identified through hotline related to human rights	0	

SUSTAINABILITY E-LEARNING

	2010	2011	2012	2014 TARGET
Employees completing sustainability e-learning	n/a	9 488	6 594	100%

PROGRESS ON OUR 2011 COMMITMENTS

	PROGRESS	REMARKS AND COMMENTS
Roll out our revised Code of Integrity and integrity training across all areas of the business	✔	
Develop a new global integrity e-learning programme for new employees	▶	Revised e-learning on the Code of Integrity for new starters is currently being developed, to be launched in early 2013
Improve our internal Code of Integrity reporting to better capture and report all breaches globally	✔	
Roll out the new system for tracking employees' travel plans to alert them to dangers or hazards	▶	We are still testing the technology before committing to a global roll-out
Expand our Strategic Transformation programme and enhance dialogue with our customers	▶	Our customers are our own business units in this context
Provide leadership and support to the Innovation Teams in the design, resourcing and successful delivery of innovation projects that will benefit the business and stakeholders	✔	

✔ Achieved ▶ In progress ✖ Not achieved

LOOKING AHEAD

- We will:
 - Expand our global investigation network to cover all affiliates and locations
 - Roll out updated Code of Integrity e-learning for people joining SGS
 - Expand our work to protect the integrity of the SGS brand and certification
 - Update and continue rolling out our sustainability e-learning

IT IS ESSENTIAL THAT EMPLOYEES KNOW WHERE TO GET HELP AND WHO TO CONTACT IF THEY HAVE SERIOUS CONCERNS RELATING TO THE CODE OF INTEGRITY. PEOPLE SHOULD NOT FEEL FRIGHTENED ABOUT DOING THIS. MY MESSAGE TO OUR EMPLOYEES AND BUSINESS PARTNERS IS TO TALK ABOUT ANY CONCERNS THEY HAVE AT AN EARLY STAGE, BEFORE THE PROBLEM ESCALATES AND RISKS HARMING THEM, THEIR COLLEAGUES OR SGS.

OLIVIER MERKT
 General Counsel and
 Chief Compliance Officer

OUR PEOPLE

28.8

2012 saw an increase in training, with employees receiving on average 28.8 hours annually

68

% employees receiving performance reviews

13.7

Employee turnover across the Group remained stable in 2012 at 13.7%

500

Over 500 managers trained in Sustainability

SHINE, OUR GLOBAL ONBOARDING PROGRAMME WAS LAUNCHED ACROSS ALL REGIONS.

75

% of employees surveyed are aware of SGS sustainability targets according to our Sustainability Engagement Index

OUR PERFORMANCE ANALYSIS

The work we have conducted with our affiliates through data audits and our sustainability workshops throughout the past three years has yielded positive results in terms of more data consistency and robustness as well as improved reporting.

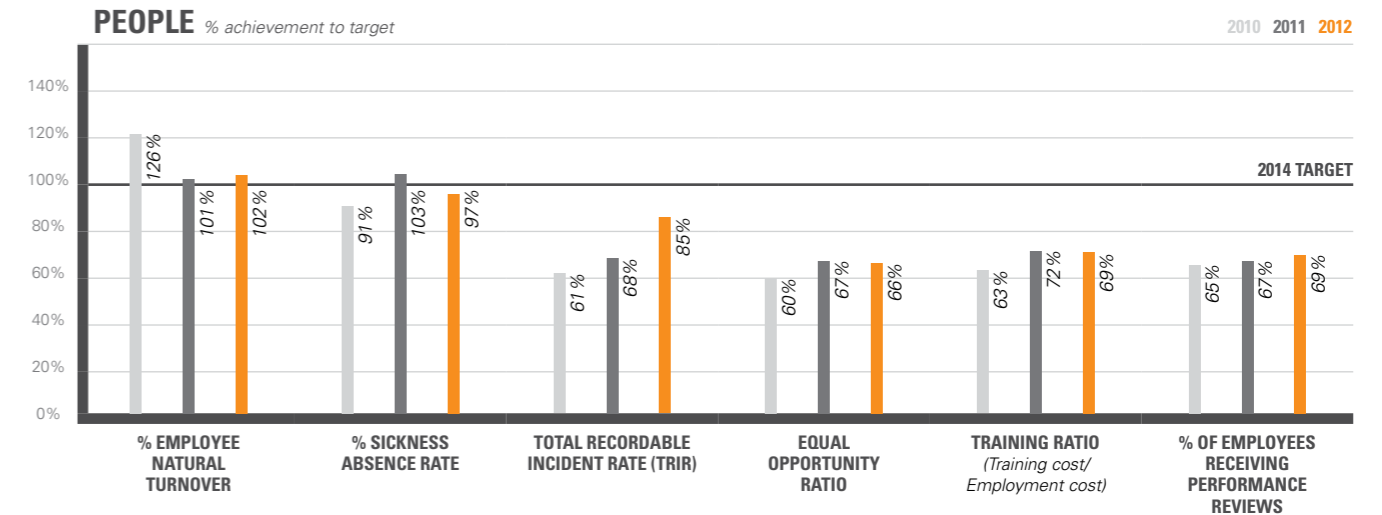
Employee turnover across the Group remained stable in 2012 at 13.7%. We have noticed some positive improvements in affiliates where turnover rates have been historically high. Nevertheless, we continue to experience increased competition for talent in certain skill sets and geographies, especially where we have a concentration of services relating to the mining, oil, gas and chemical sectors.

Our gender ratio saw a marginal increase in the proportion of female to male employees in 2012, although our equal opportunity ratio decreased slightly, reflecting the movement of new and existing employees into managerial roles which are more male-centred.

We observed an increase in our sickness absence rate of 5.5% to 1.54%, which is slightly above our target of 1.5%. The 2011 figure was understated for three countries which improved their reporting in 2012.

2012 saw an increase in training, with employees receiving on average 28.8 hours annually. This is partly explained by programmes linked to our revised Code of Integrity, the roll-out of Group-wide Operational Integrity programmes and sustainability e-learning modules.

Following sustainability workshops our affiliates are also better equipped to monitor training, resulting in better reporting. While we notice a 25.2% increase in training hours per FTE, the investment in training spend has slightly declined since more efficient and flexible training tools are being developed (such as e-learning programmes). This decrease is also explained by an improvement in tracking training expenses.



PEOPLE

	2010	2011	2012	Δ	2014 TARGET
Natural turnover <i>% of employees that leave SGS each year of their own will</i>	11.1	13.8	13.7	-0.7%	<14%
Gender ratio <i>% male employees</i> <i>% female employees</i>	64.8 35.2	65.6 34.4	65.2 34.8	-0.6% 1.2%	
Equal opportunity ratio <i>(Female managers/female employees)/ (Male managers/male employees)</i>	0.60	0.67	0.66	-1.5%	1.0
Sickness absence rate <i>Number of days of sickness absence as a percentage of total days worked</i>	1.65	1.46	1.54	5.5%	1.5
Training hours <i>Number of annual training hours/FTE</i>	21.1	23.0	28.8	25.2%	
Training ratio <i>% of total employment costs spent on training (includes safety training hours)</i>	0.63	0.72	0.69	-4.2%	1.0
Performance review <i>% of employees receiving regular performance reviews</i>	65.2	67.4	68.6	1.8%	100
Collective bargaining <i>% of employees covered by collective consultation/ representation processes</i>	22.54	22.70	24.33	7.2%	





SUSTAINING OUR GLOBAL SUCCESS

CATALYST FOR EXCELLENCE

To sustain our current success we can continuously improve across all areas of our business. The brainpower from everyone in our global team is vital to help us make SGS a great place to work. Put your ideas into action and get involved in our **EMPLOYEE ENGAGEMENT INITIATIVE**

CATALYST 01

WHEN YOU NEED TO BE SURE

PROGRESS ON OUR 2011 COMMITMENTS

	PROGRESS	REMARKS AND COMMENTS
The SGS global onboarding programme, SHINE, will be launched across all regions		
100% of SGS operations will have completed a staffing review process to support succession planning by the end of 2012	 More than 85%	The remainder will be completed in 2013
We will by the end of 2012 have completed an interim review of local initiatives in trend countries relating to people including equal opportunity in employment, natural turnover, investment in training, performance reviews, sickness absence rate, total recordable injury rates and alignment with human rights principles		
We aim to launch development planning and associated manager and employee training in 2012		
We will launch the third module of our leadership development programme (LDP)	 Postponed to 2013	We focused effort on enhancing Module 2 of the LDP in 2012. Module 3 will now be developed in 2013
We will conduct a review of reward tools and establish a global framework for our reward strategy		We will continue to focus on establishing a global framework during 2013 and 2014
We will monitor our performance around natural turnover and share our insights with our affiliates		
The SGS Rules for Life will be rolled out during 2012		

Achieved In progress Not achieved

LOOKING AHEAD

We will:

Launch a new HR information system during 2013 to allow accurate, user friendly and quickly accessible data that will enable us to manage the workforce, maximise our recruitment, manage people's contribution to the business and track their journey with SGS

Implement our global L&D strategy to provide a structured and consistent approach to learning and development across the network

Review our current global programmes linked to employee reward and recognition, succession planning and career management as part of the second phase of HR transformation, during 2013 and 2014

Expand our global initiative to evaluate job families and grading in order to further enhance consistency across the Group

Develop the third module of our Leadership Development Programme in 2013

Launch e-recruitment in more than 17 countries

Monitor the implementation of SHINE across our global business and establish baseline data on which we can benchmark performance on effective employee onboarding

Further enhance our leadership development approach by strengthening individual development plans and developing critical skills

Roll out globally the 'Doing More with Less' campaign to drive employee environmental behaviour in the workplace

SGS PHILIPPINES AND SGS GULF WERE AWARDED THE INVESTORS IN PEOPLE (IIP) CERTIFICATE BY THE PEOPLE MANAGEMENT ASSOCIATION OF THE PHILIPPINES (PMAP) IN RECOGNITION OF OUR APPROACH TO MANAGING AND DEVELOPING EMPLOYEES.

OPERATIONAL INTEGRITY

OUR PERFORMANCE ANALYSIS

We are pleased to report that progress has been made towards achieving the goals we set in late 2010 and we anticipate continued significant progress over the next few years as a result of our efforts. Significantly, the total recordable incident rate has decreased by over 20% and the lost time incident frequency rate has decreased by 9% from 2011. Furthermore, the implementation of Crystal is allowing the Group to focus efforts and

resources on affiliates with the highest incidents record.

Whilst 2012 saw some key improvements in our year-on-year safety performance, we are deeply saddened that three male employees lost their lives in work-related incidents in Western Europe, South East Asia and Northern Africa. Each of these accidents is extremely regrettable and underlines the vital need to continually reinforce the SGS Rules for Life and instil a safety culture across the Group.

20.4

Total recordable incident rate went down by 20.4% from 2011

OPERATIONAL INTEGRITY

	2010	2011*	2012	Δ	2014 TARGET
Number of recordable incidents <i>Number of lost time, restricted duty, medical treatment incidents and fatalities</i>	691	739	642	-13.1%	
TRIR <i>Number of lost time, restricted duty, medical treatment incidents and fatalities per 200 000 hours worked</i>	1.64	1.47	1.17	-20.4%	<1
LTIFR <i>Number of lost time incidents occurring per 200 000 hours worked</i>	0.80	0.67	0.61	-9%	
Near misses <i>Event, situation or physical environment with the potential to cause injury, damage or loss to people, property and the environment, but which was avoided by circumstance</i>	1 982	1 904	1 818	-4.5%	
Safety training hours	199 076	286 043	322 700	12.8%	

*2011 statistics excluded data for one trend country.

PROGRESS ON OUR 2011 COMMITMENTS

	PROGRESS	REMARKS AND COMMENTS
Crystal incident reporting tool will be implemented across the Group	✔	

✔ Achieved ◐ In progress ✘ Not achieved

THE TOTAL RECORDABLE INCIDENT RATE HAS DECREASED BY OVER 20% AND THE LOST TIME INCIDENT FREQUENCY RATE BY 9% FROM 2011.



LOOKING AHEAD

For Operational Integrity (OI), our focus will be on delivering a best-in-class service to the Group in order to achieve maximum efficiency and enhance local contribution in support of the 2014 Plan. This will include:

Activities to support risk management and incident reduction including OI global management field coaching sessions; consistent incident reporting and record keeping requirements for the Group; the development and deployment of leadership and OI auditing mobile applications, and risk assessment and incident investigation methodology

Further reinforcement of the SGS Rules for Life

Enhanced electronic management and reporting of OI through Crystal, including breakdown of data by gender and for new KPIs such as occupational diseases

Implementation of the Group Operational Integrity Management System

ENVIRONMENT

OUR PERFORMANCE ANALYSIS

SGS' environmental performance is closely linked to the intensity of our operations and our strong growth. In 2012, our absolute carbon emissions increased by 10.4% to 222 726 tonnes CO₂, against the backdrop of 14.5% annual growth in revenue (on a constant currency basis).

The overall distribution of our CO₂ emissions by source remained consistent with our 2010 baseline, with a slight increase in non-transport fuels resulting from improved reporting in our affiliates, and a decrease in vehicle fuels due to better fuel efficiency in our car fleet. During 2012 we purchased renewable energy certificates equivalent to approximately 18 000 tonnes CO₂ which brought down our overall CO₂ emissions to almost 205 000 tonnes.

Vehicle fuels emissions increased by 4.4% against an increase of 8.1% in the number of fleet cars. This is explained by vehicles with expired leases being replaced by more efficient models and by the effectiveness of our Green Car projects. For instance, in the Netherlands, CO₂ emissions per kilometre driven fell from 155g to 128g between 2010 and 2012, mainly due to vehicle selection and improvements to vehicle design. There, we are expecting to reach a figure of 126g per kilometre by 2014, representing a reduction of over 18%.

Total air and train transport emissions increased by 10.4% due, in part, to improvements in the reporting process and better classification of long-haul versus short-haul flights. Non-transport fuel emissions increased by 17.6% due mainly to acquisitions, new laboratories and discontinuity in electricity supply for some of our affiliates.

Electricity consumption (kWh) grew by 13.5% due to the impact of acquisitions (for example, in Brazil), the expansion of buildings and new laboratories, especially in Korea, South Africa and France, and an overall increase in business activity and related use of equipment. The increase in headcount has also contributed to higher electricity consumption.

Due to acquisitions and new laboratories, absolute water consumption rose by 13.4% but remains comparable to 2011 in terms of intensity by FTE.

As reported in 2011, we expected variations in the hazardous and non-hazardous waste data. Whereas local regulatory environments for hazardous waste serve as a solid base for collecting this type of data, we admit that we still have inconsistencies in non-hazardous waste reporting. This is expected to improve following the implementation of our waste management plan initiated in 2012.

10.4

Our absolute carbon emissions increased by 10.4% to 222 726 tonnes CO₂, against the backdrop of a 14.5% annual growth in revenue (constant currency basis)

128

CO₂ emissions per kilometre driven fell from 155g to 128g between 2010 and 2012 in the Netherlands

17

% reduction in costs, energy and paper by switching to network printing in Singapore

10

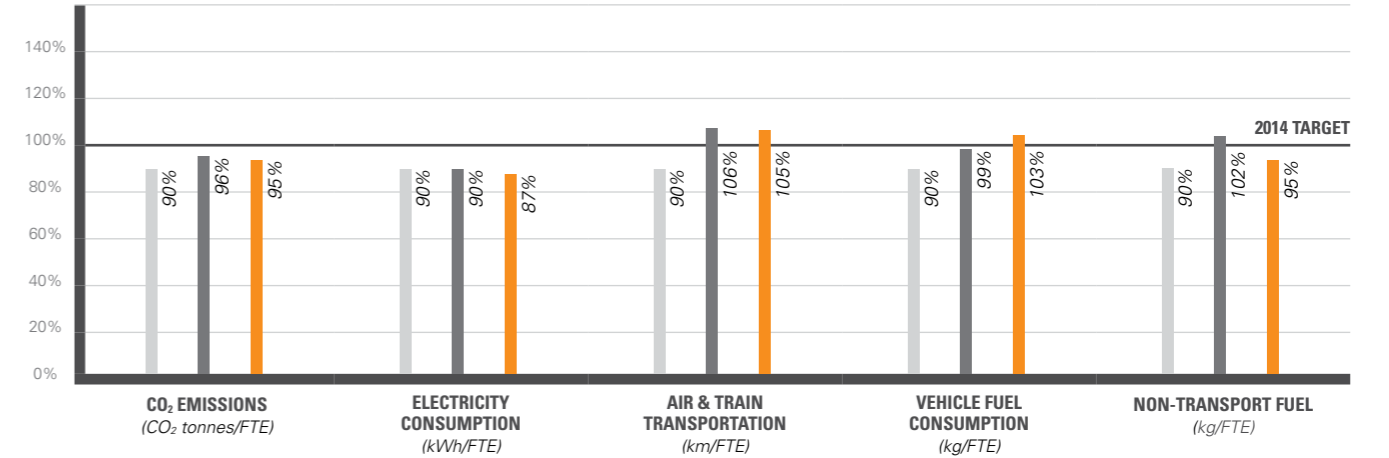
Tonnes CO₂ saved per year as a result of tinted glazing in Perth

SOURCE OF CO₂ (TONNES)

Year	AIR & TRAIN TRANSPORT	NON-TRANSPORT FUELS	VEHICLE FUELS	ELECTRICITY	Total
2010	16 357	19 483	53 043	103 328	192 211
2011	15 567	19 070	53 988	113 189	189 317
				-12 497 RENEWABLE ENERGY CERTIFICATES PURCHASED	
2012	17 189	22 420	56 373	126 743	204 988
				-17 738 RENEWABLE ENERGY CERTIFICATES PURCHASED	

ENVIRONMENT % achievement to target

2010 2011 2012



ENVIRONMENT

	2010	2011	2012	Δ	2014 TARGET
CO ₂ emissions <i>Total annual CO₂ emissions (tonnes)</i>	192 211	201 814	222 726	10.4%	
Renewable energy <i>Total renewable energy certificates of origin purchased (tonnes of CO₂)</i>		-12 497	-17 738	41.9%	
Carbon intensity (people) <i>Annual CO₂ emissions per employee (tonnes/FTE)</i>	4.5	4.22	4.27	1.2%	4.05
Carbon intensity (revenue) <i>Annual CO₂ emissions per revenue (tonnes/CHF million)</i>	59.0 58.0*	54.4 53.5*	53.1	-0.7%	47.0 52.2*
Total electricity consumption <i>Total annual kilowatt hours of electricity consumed (million kWh)</i>	199	223	253	13.5%	
Electricity consumption (people) <i>Annual kilowatt hours of electricity consumed per employee (kWh/FTE)</i>	4 662	4 661	4 843	3.9%	
Building energy intensity in SGS-owned offices <i>Annual kilowatt hours per square metre for SGS-owned offices</i>	269**	267**	276	3.4%	Target 242** (based on 10% reduction)
Building energy intensity in SGS-owned laboratories <i>Annual kilowatt-hours per square metre for SGS-owned laboratories</i>	430	402	422	5.0%	Target 387 (based on 10% reduction)
Water use <i>Annual water purchased (m³)</i>	960 886	1 039 904	1 179 044	13.4%	
Water intensity <i>Annual water purchased per employee (m³/FTE)</i>	22.5	21.8	22.6	3.7%	
Hazardous waste generated <i>Total weight of hazardous waste generated (tonnes)</i>		5 812	6 501	11.9%	
Non-hazardous waste generated <i>Total weight of non-hazardous waste generated (tonnes)</i>		16 829	24 856	47.7%	
Spills <i>Total number and volume of significant spills</i>		2	0		
Environmental compliance <i>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</i>			0		

* Restated on a constant currency basis.

** Restated following the closing of a building. The scope of SGS buildings covered by the Energy Efficiency in Buildings (EEB) project encompasses all SGS-owned offices and laboratories of over 2000m² and excludes buildings recently acquired.

PROGRESS ON OUR 2011 COMMITMENTS

ENERGY EFFICIENCY IN BUILDINGS

	PROGRESS	REMARKS AND COMMENTS
We will compile a global database of EEB projects with details of investments and projected savings	✓	
We will continue to implement the projects we have identified during 2011 and continue to identify new opportunities for energy efficiency	✓	Commitment achieved. Work on identification of further improvements is ongoing
We will implement our Green Building Guidelines in as many sites as possible and work with property owners to build EEB aspects into our lease agreements	▶	

GREEN IT

	PROGRESS	REMARKS AND COMMENTS
The installation of cold aisle cooling in the Geneva data centre will be completed in 2012 and rolled out globally	✓	
Videoconferencing will be piloted and future roll-out considered, based on the results of pilots	▶	
Managed print services will be implemented in Geneva and other offices worldwide	✓	

SUSTAINABLE PURCHASING

	PROGRESS	REMARKS AND COMMENTS
We will continue to raise awareness of sustainability considerations when making investment decisions	✓	
During 2012 we will begin to roll out our sustainable sourcing charter to suppliers who are under global agreements	✗	This project has been shelved in favour of a more specific set of criteria which feature in procurement decisions
We will continue to broaden the application of our supplier appraisal process to incorporate suppliers who are sourced and managed locally	▶	

GREEN CARS

	PROGRESS	REMARKS AND COMMENTS
We will continue to work at a global level to review new fuel-efficient vehicles and recommend appropriate replacements	▶	
We will monitor the uptake of environmentally responsible vehicles by SGS businesses and report on the overall impact of replacements on our carbon footprint	▶	

WASTE MANAGEMENT

	PROGRESS	REMARKS AND COMMENTS
We will focus our efforts on further reduction initiatives, supporting the in-country programmes, sharing best practices and providing further guidance and communications	▶	

✓ Achieved ▶ In progress ✗ Not achieved



LOOKING AHEAD

- We will:
Expand reporting of our greenhouse gas emissions by type by 2014
- Further support the in-country programmes, sharing best practices and providing further guidance and communications on waste management
- Further expand the implementation of our Green Building Guidelines
- Further investigate possibilities linked to electric vehicles for our fleet
- Review our methodology to provide information on our Energy Efficiency in Buildings (EEB) project
- Following sustainability audits, we will implement corrective actions regarding our water KPIs and improve reporting on this topic

COMMUNITY

OUR PERFORMANCE ANALYSIS

2012 saw a 10.9% increase in our community investment to CHF 356 000 across our trend countries, along with a 22.9% increase in the amount invested by business in sponsorship to CHF 681 000 (constant currency basis). SGS employees volunteered around 8 300 hours to our 251 community projects in 2012.

251

SGS invested in 251 community projects in 2012

10.9

% increase in our community investment to CHF 356 000 compared to 2011

8 300

Hours volunteered by SGS employees across our 251 community projects in 2012

COMMUNITY

	2010	2011	2012	
Investment in community <i>Donations to community organisations and voluntary groups (CHF thousand)</i>	418	317 321*	356	10.9%
Total community projects <i>Total number of projects</i>	155	306	251	-17.9%
Investment in sponsorship <i>Sponsorship of community programmes (CHF thousand)</i>	590	547 554*	681	22.9%
Impact assessment, percentage of operations with implemented local community engagement, impact assessments and development programmes**	n/a	n/a	22%	

* Constant currency basis.
** Data covers all SGS operations.

PROGRESS ON OUR 2011 COMMITMENTS

	PROGRESS	REMARKS AND COMMENTS
We will support affiliates in implementing the Group Community Guidelines and Policy	▶	Support for community programmes has been cascaded through sustainability champions and sustainability coordinators in affiliates. This work is ongoing
We will identify a global community programme based on the framework developed in 2011	▶	
We will conduct a global survey to re-evaluate our community project impact and alignment with the Millennium Development Goals	✓	

✓ Achieved ▶ In progress ✗ Not achieved



WE WILL LAUNCH A CARBON REDUCTION PROGRAMME AND ENCOURAGE COMMUNITY PROJECTS RELATING TO CLIMATE CHANGE.

LOOKING AHEAD

We will:
Launch a carbon reduction programme and encourage community projects linked to climate change

Continue to align our community projects to the Millennium Development Goals

Encourage employees across the Company to get involved in the Global Corporate Challenge

Expand the scope of our community impact survey

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