

LEADERSHIP AND INNOVATION

SINCE 1878



SGS IS THE WORLD'S LEADING INSPECTION, VERIFICATION,
TESTING AND CERTIFICATION COMPANY.

SGS

EARLY BEGINNINGS

A young Latvian immigrant sits on the docks of Rouen as ships come and go – the arteries of an industrialised Europe pulsating rapidly before his eyes in one of the continent’s largest ports. Opportunities abound. It is 1878 and he seizes an opportunity that one day will become the global benchmark for quality and integrity. From its early beginnings inspecting grain shipments, SGS now stands on top of an industry which it helped pioneer on the docks of Rouen that day in 1878.

What this young man realised 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.

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 Marseilles.

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

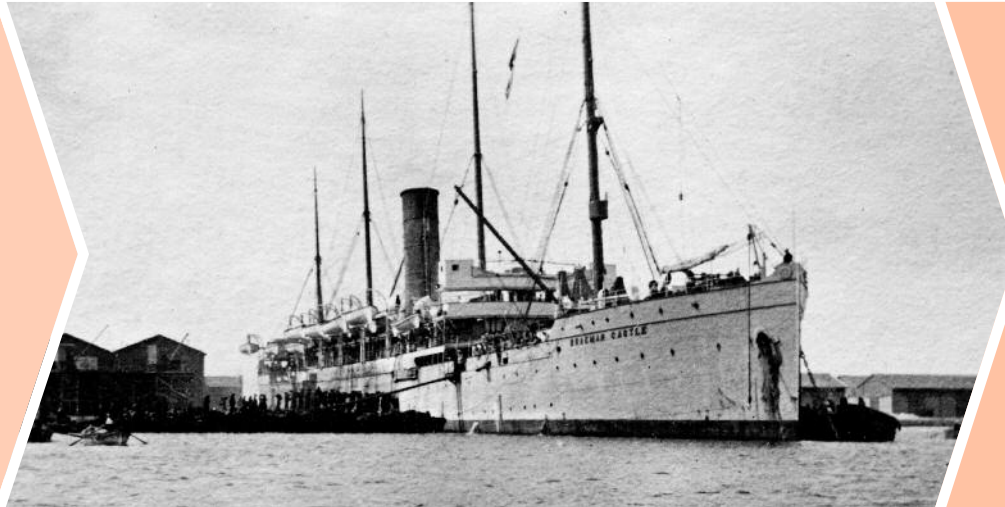
expanded around the world and brought in considerable revenue for the company.

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

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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.

1878



1913



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. The company moved its headquarters to Geneva, Switzerland from Paris in 1915 to continue operations from a neutral country. On 19 July 1919, the company took a further step in rebuilding and adopted the name it carries today, Société Générale de Surveillance.

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 seriously impacted the company's core grain inspection business as global trade was severely disrupted by the war. The company was able to return to profitability rapidly by 1946 through contracts with the Allied powers inspecting consumer goods destined for soldiers. SGS also played a large role in inspecting imports entering Europe under the Marshall Plan.

POST-WAR EXPANSION AND DIVERSIFICATION

In 1950, 80% of the company's revenue still came from its core Agricultural Services business. A steady change, however, was underway. Company management realised at the time 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. It grew further in 1965 with the acquisition of a company that specialised in non-destructive testing. The Oil, Gas & Chemical Services business also began in this same period. In 1962, SGS acquired companies that were leaders in testing oil and petrochemical products. Also during this time, the Minerals Services business grew by providing FOG services to customers.

Decolonisation in Africa and Asia, as well as development in Latin America, provided SGS with new markets for its services. It was in this period that the Governments & Institutions Services business began by providing preshipment inspection services to customs authorities. SGS inspected goods in the country of supply in order to assess their value, allowing countries to collect the appropriate taxes and duties from importers and exporters. In 1965, the company won its first contract for this

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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. From laws established 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. Environmental services soon spread to other business sectors as demand for these services increased.

1919



1950



1965

1970s

MOVING TOWARDS 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 not 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, the company expanded into China through the start of a joint venture. Today, SGS in China has expanded to a network of over forty offices and laboratories serving the inspection and testing needs of the company's entire customer base, especially those within its Consumer Testing Services business.

POSITIONED FOR GROWTH

Industry changes in the pre-shipment inspections sector in the late 1990s led the company to focus its Governments & Institutions Services segment on more stable sources of business. By the start of the new

millennium, a wide-ranging corporate restructuring led to the formation of the ten business segments that are now found at SGS.

Today, SGS operates across a wide variety of industry sectors, employs more than 50 000 people across 1 000 offices and laboratories and is active in nearly every country in the world. From its beginnings in 1878 as a grain inspection house, the company has steadily grown into its role as the industry leader. It has done this through continual improvement and innovation and by reducing risk and improving the productivity and efficiency of its customers' operations. Moving forward, 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.

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1980



1991

TODAY



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