EXTENSIVE
& detailed

ANNUAL REPORT 2013

SGS

SGS IS THE WORLD'S LEADING INSPECTION, VERIFICATION, TESTING AND CERTIFICATION COMPANY. SGS IS RECOGNISED AS THE GLOBAL BENCHMARK FOR QUALITY AND INTEGRITY. WITH MORE THAN 80 000 EMPLOYEES, SGS OPERATES A NETWORK OF OVER 1 650 OFFICES AND LABORATORIES AROUND THE WORLD.

We provide competitive advantage, drive sustainability and deliver trust. At SGS, we are continually pushing ourselves to deliver innovative services and solutions that help our customers move their businesses forward.

FINANCIAL HIGHLIGHTS from 2013 and LETTER from the Chairman & CEO

4.4
organic revenue growth in %[1]

5.8
total revenue in CHF billion

6.5
total revenue up in %[1]

16.8
adjusted operating income margin in %

600
net profit for the year in CHF million

12
acquisitions

78.43
basic earnings per share in CHF

103
total cash consideration in CHF million for the acquisitions

948
cash flow from operating activities in CHF million

65
proposed dividend per share in CHF

1. Constant currency basis.

DEAR SHAREHOLDERS,

The SGS Group results for 2013 demonstrate a year of continued solid achievement. Revenues of CHF 5.8 billion for the year 2013, up 6.5% over prior year (constant currency basis), were supported by an organic revenue growth of 4.4% and an additional 2.1% contributed by recently acquired companies. On a reported basis, revenues for the year increased 4.7% in comparison with the restated figures for 2012, reflecting a 1.8% negative foreign exchange impact from the overall appreciation of the Swiss franc during the year.

Challenging market conditions persisted throughout the year, with the slow economy in Europe hampering most activities in the region, particularly Industrial Services and Systems & Services Certification. At the same time, the cyclical downturn in the global mining industry heavily impacted our Minerals Services division and, to some extent, Environmental Services. Excluding the Minerals business, which experienced an organic revenue decline of 7.8%, and the winding-down of Life Science clinical trial operations in Paris, the remaining businesses delivered organic growth of 6.9%. Consumer Testing, Oil, Gas & Chemicals, Automotive and Governments & Institutions Services all achieved either double-digit or high single-digit organic growth.

Operating cash flows remained strong at CHF 948 million, up 18.8% from the CHF 798 million in prior year, and corresponding to 16.3% of Group revenues versus 14.3% in prior year. The Board of Directors proposed a dividend of CHF 65 per share, representing a 12% increase in distribution in comparison with 2013.

The Board remains committed to the strategic priorities identified in 2010 for each business at the inception of the 2014 Plan, and confident that these priorities remain the best way for the Group to maintain its successful growth path.

We would also like at this time to extend our thanks to the Agnelli family who have owned a significant stake in SGS during the last 13 years, first through the Worms Group, then Sequana, IFIL, and finally EXOR, which decided in 2013 to divest from SGS. The strong representation and commitment from the Agnelli family helped to maintain the stability within the SGS Group during challenging economic times and ensured the Group had clear strategic goals for achieving ongoing success year-on-year.

CHALLENGE AND OPPORTUNITY IN 2013

2013 marked the third year of The Plan and the challenge we set each operational region was to maximise returns from the preceding two years of investment. Each region faced its own unique geographical challenge in terms of delivering advantage for our customers, but across the SGS Group we remained focused on leveraging our industry-leading position into new business opportunities for growth.

Collaboration and increased cooperation between SGS industries and a strong team ethic proved decisive in bringing new technologies, new service offerings and added value to the marketplace.

Our willingness to share information between SGS geographies enabled many new synergies to be created in 2013. These new connections within the Group created global opportunities for more efficient, profitable and sustainable solutions, which positively impacted on our customers' operations.

During the past year we concentrated our efforts on improving operational excellence through the continuation of previously initiated programmes, and the implementation of new systems and processes. We remained engaged with each one of our 80 000 employees and 1 650 offices and laboratories around the world through CATALYST, our employee survey tool. As in its first year, 2012, CATALYST in 2013 gave us an insight into the ongoing thinking of our employees. This knowledge is invaluable in helping us accurately assess and meet the needs of our ever-increasing workforce. Crystal, our new incident reporting system which was rolled-out by the Operational Integrity (OI) global function, helped to unify and harmonise our worldwide incident reporting methods. It included for the first time the use of Risk Assessment Matrix (RAM) ratings to proactively apply the experience of actual events or incidents in the past to assess risks in the future. The new SGS Operational Integrity Management System (OIMS) provided us with a holistic management system based on the best operational risk, health, quality, safety, and environmental management practices. We organised the first SGS Safety Day in 2013, an event aimed at informing each employee of their role in building a stronger safety culture within SGS towards 'Goal Zero': no harm to people, the environment, assets, communities, or SGS reputation. We introduced a new CCLAS G6 Laboratory Information Management System (LIMS) to 'future-proof' our laboratory systems and protect our ability to deliver cutting-edge data management and delivery from the laboratories we managed and operated in 2013. The new system increased our web-based interactivity, improved automation of tasks and allowed for more efficient data transfer between both internal and customer systems. Finally, with the wellbeing of employees a priority in 2013, we registered 247 SGS teams comprising 1 715 employees from 33 countries into the Global Corporate Challenge® (GCC), a global workplace health and wellness programme. The teams participated in a 16-week challenge that promoted healthier lifestyles via the wearing of a personalised interactive device that logged each individual's' daily activity and provided results online.

THE SGS GROUP ACQUIRED 12 BUSINESSES ACROSS 10 COUNTRIES

During 2013 we acquired 12 businesses across 10 countries, further strengthening our market presence and the expansion of our service portfolio in North America and South America, Africa, Europe, Asia, and Australia and New Zealand.

RDFI Group, representing nine vehicle test stations in France, was one of our first acquisitions of the year in February 2013. This move enhances our worldwide statutory vehicle inspection capabilities, which achieved healthy results in all regions. The related acquisition in June 2013 of Qingdao Yuanshun Automotive Services Ltd., a vehicle inspection company based in the Shandong province, extended our services into one of the world's biggest automotive markets, China.

Better balance between our testing and inspection services in the materials testing space was achieved with five acquisitions in 2013: Grupo Labmat in Brazil, MSi Testing & Engineering in North America, Civil Quality Assurance Pty in Australia, MIS Testing Ltd. in the UK, and Industrial Valve Engineering limited in New Zealand. The acquisition of Enger Engerharia SA, headquartered in Brazil, allowed us to complement our materials testing expertise with industry leading project supervision and management, as well as technical consultancy, for the infrastructure and building market in South America.

In April 2013, our acquisition of the Time Mining Group based in South Africa, a supplier of process plant design, project management, and commissioning and optimisation services for minerals processing plants opened up Plant Services to our already broad and resilient portfolio of offerings in the minerals industry. During the year, our environmental portfolio in Europe was increased with two acquisitions: Umweltanalytik RUK GmbH, a Germany based company providing biogas, stack and fugitive emission testing services, and MIS Environmental Ltd., a UK based laboratory offering a vast spectrum of experience in asbestos, environmental and health and safety testing and consultancy services.

Across the SGS Group we ensured the challenge of integrating each new acquisition resulted in immediate benefits and new opportunities for our customers. Well-defined and proven integration procedures helped us bring the additional resources and expertise of new acquisitions into the SGS network in a timely manner.

THE YEAR AHEAD

As we enter the final year of the 2014 Plan, we have undertaken a strategic review of the SGS portfolio of services, and we remain focused on expanding our offerings along the value chain of each market sector, and on replicating successful services across our geographies. Enhancing economies of scale and capturing growth opportunities in emerging markets is key for growth, as is maintaining tight control over costs and focusing on efficiency of execution in mature economies such as Europe. With the commitment and dedication of each employee in 2014, we know SGS can continue as the world's leading testing, inspection, certification and verification company.

Sergio Marchionne
Chairman of the Board

Christopher Kirk
Chief Executive Officer

SGS AT A GLANCE and BUSINESS REVIEW

OUR VISION

We aim to be the most competitive and the most productive service organisation 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 will be solely determined by our ability to be the most competitive and to consistently deliver unequalled service to our customers all over the world.

OUR VALUES

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

SGS is the best-in-class provider of innovative solutions for inspection, verification, testing and certification services. Our unrivalled ability to leverage a truly global network drives operational excellence and increases profitability in organisations around the world.

We deliver sustainable business advantage through our unique understanding of how to overcome the complex challenges faced by industries today. Our customers rely on our expertise, experience and proven track record of delivering tailored, independent services that exceed expectations.

Every day, SGS delivers business benefits which improve quality, safety, efficiency, productivity, and speed to market in our customers' operations, while reducing risk and building trust in the sustainability of their long-term performance.

OUR MANAGEMENT

SGS is led by a dynamic group of individuals with many years of experience in their respective fields, and who are committed to our success as a company and to the success of our customers.

We are organised into ten lines of business and operate across ten geographic regions. Each business is led by an Executive Vice President (EVP), and each region is led by a Chief Operating Officer (COO). The EVPs and the COOs, in conjunction with the functional Senior Vice Presidents (SVPs) and the Group's Chief Executive Officer, Chief Financial Officer and General Counsel, make up the Operations Council, which meets regularly throughout the year to determine Group-wide strategies and priorities and review performance.

SENIOR MANAGEMENT*

Christopher Kirk
Chief Executive Officer & IT

Geraldine Matchett
Chief Financial Officer

Olivier Merkt
General Counsel &
Chief Compliance Officer

CHIEF OPERATING OFFICERS

Teymur Abasov
Eastern Europe and Middle East

Helmut Chik
China and Hong Kong

Pauline Earl
Western Europe

Alejandro Gomez de la Torre
South America

Anthony Hall
South Eastern Asia and Pacific

Dirk Hellemans
Northern and Central Europe

Frédéric Herren
Africa

Jeffrey McDonald
North America

Ladislav Papik
Southern Central Europe

Dennis Yang
Eastern Asia

EXECUTIVE VICE PRESIDENTS

Michael Belton
Minerals Services

Olivier Coppey
Agricultural Services

Anne Hays
Life Science Services

Frédéric Herren
Governments & Institutions Services

Thomas Klukas
Automotive Services

François Marti
Systems & Services Certification

Frankie Ng
Industrial Services

Peter Possemiers
Environmental Services

Malcolm Reid
Consumer Testing Services

Alim Saidov
Oil, Gas & Chemicals Services

SENIOR VICE PRESIDENTS

Dominique Ben Dhaou
Human Resources

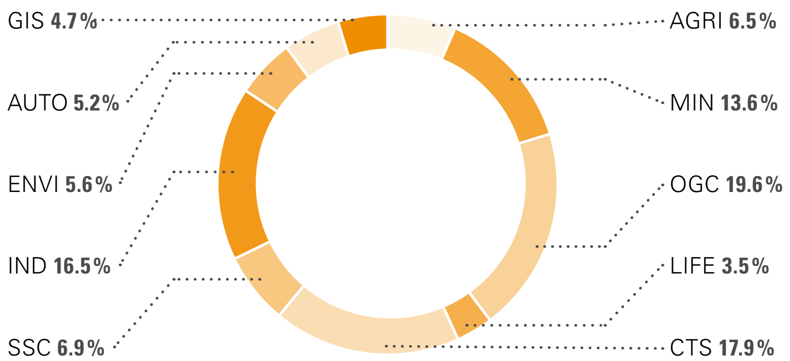
Jean-Luc de Buman
Corporate Development,
Corporate Communications
& Investor Relations

François Marti
Strategic Transformation

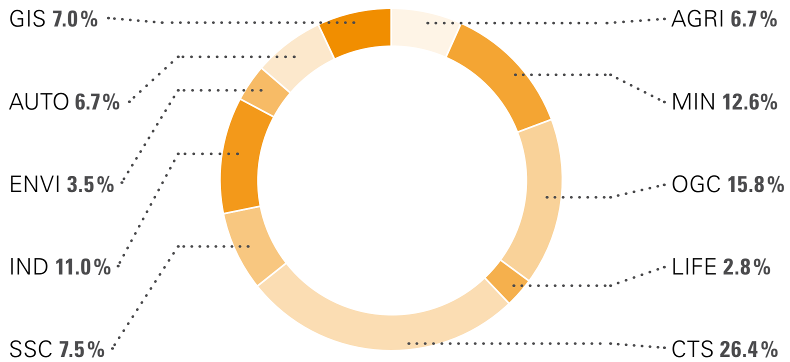
** Denotes members of the Operations Council directly supervised by the Board of Directors (Senior Management).*

REVENUE AND ADJUSTED OPERATING INCOME BY BUSINESS

REVENUE[1]



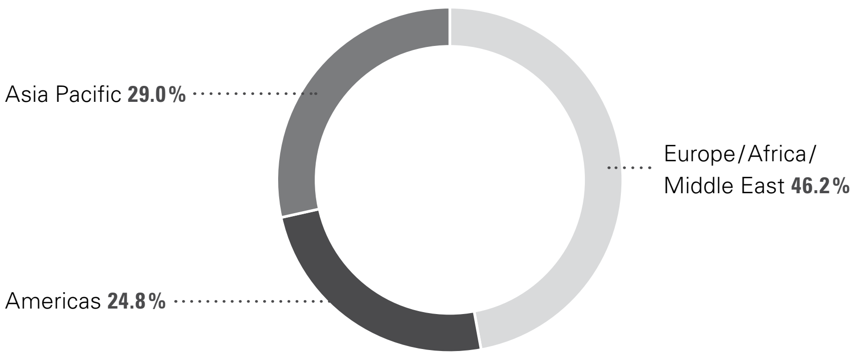
ADJUSTED OPERATING INCOME[2]



1. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

2. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.

REVENUE BY REGION



AGRICULTURAL SERVICES

Agricultural Services delivered comparable revenue growth of 5.5% (of which 3.8% organic) to CHF 381 million for the year, supported by strong growth in Seed & Crop and Fumigation services combined with moderate growth in trade inspections.

Revenue growth from trade-related services, which were hampered in the first semester by low export volumes in the Black Sea and Danube Corridor due to drought and an aflatoxins crisis, recovered in the second half of the year. North America also saw high Trade activity in the second semester, however, this was partially offset by a downturn in Asia Pacific, particularly in India where exports of sugar and non-basmati rice remained low.

Non-trade related activities performed well throughout the year. Seed & Crop and Fumigation services delivered high double digit growth rates, benefiting from the 2012 acquisitions of Gravena and WareCare, both performing ahead of expectation, as well as investments made to replicate these activities across geographies.

Despite a difficult first semester in Eastern Europe for trade-related activities, the full year adjusted operating margin increased to 17.1% from 16.4% in prior year (constant currency basis), reflecting the positive impact of cost saving initiatives in the USA and profitable growth in Canada following the deregulation of the Canadian Wheat Board and Canadian Grain Commission.

During the year, the business continued to invest in the expansion of inland services in addition to new lab capabilities in Central and Eastern Europe which are expected to come online in 2014.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**381.3**	**361.3**	**369.5**
Change in %		*5.5*	*3.2*
ADJUSTED OPERATING INCOME[1]	**65.3**	**59.4**	**60.9**
Change in %		*9.9*	*7.2*
MARGIN %[1]	**17.1**	**16.4**	**16.5**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

MINERALS SERVICES

The difficulties experienced by Minerals Services in the first semester continued throughout the balance of the year, with the cyclical downturn in the mining sector impacting primarily Geochemistry and Metallurgy volumes. The Group however successfully limited the Minerals Services revenue decline to 5.2%. This was achieved thanks to a broad geographical footprint, an increase in revenues from dedicated on-site laboratories as well as double-digit growth in trade-related services boosted by geographical expansion and market share gains. Growth contributed by the recently acquired E&S Engineering Solutions in the USA and Time Mining Group in South Africa also partially offset an organic revenue decline of 7.8%.

The adjusted operating margin for the year declined from 18.7% (constant currency basis) in prior year to 15.6%, impacted mainly by the drop in Geochemistry volumes and an adverse shift in revenue mix. Since the beginning of the year, the Group has focused on restructuring the operations. Costs were gradually aligned to the declining volumes, particularly in Australia, Africa and North America where mining companies have significantly reduced exploration expenditure and capital projects. Market conditions are not expected to improve in 2014. However, the measures taken should enable a partial margin recovery.

During the year, the Group completed the acquisition of the Time Mining Group based in South Africa, specialised in providing process plant design, project management and commissioning and optimisation services for minerals processing plants. Through this acquisition and that of E&S Engineering Solutions in the USA, the Group has now added Plant services to its portfolio.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**791.9**	**835.1**	**868.0**
Change in %		*(5.2)*	*(8.8)*
ADJUSTED OPERATING INCOME[1]	**123.4**	**156.0**	**162.1**
Change in %		*(20.9)*	*(23.9)*
MARGIN %[1]	**15.6**	**18.7**	**18.7**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

OIL, GAS & CHEMICALS SERVICES

Oil, Gas and Chemical Services delivered a very good year with double-digit comparable revenue growth of 10.3% (of which 9.4% organic) to CHF 1 140 million, supported by the expansion of non-trade related services across the network.

Similar trends to those experienced during the first semester continued for the balance of the year, with trade-related services remaining flat while all other activities performed well. Upstream services delivered growth in excess of 30% mainly driven by Australia, the Middle East, Malaysia and Mexico, and through solid growth in sub-surface consultancy. Plant & Terminal Operations grew at a high double digit rate, with the continued expansion of operations in the USA and Canada. Other non-trade related services such as Metering & Instrumentation also delivered strong growth, gradually expanding into new geographies.

The adjusted operating margin for the period increased to 13.5% from 13.1% in prior year (constant currency basis), despite the margin on trade activities in Europe remaining under pressure due to flat volumes and a struggling refining industry. This was offset by positive trends in all other geographies, supported by the increasing scale of non-trade related activities in addition to operational efficiency initiatives and the restructuring of under-performing operations in Europe.

On 31 December 2012, the Group acquired Herguth Laboratories in USA, a leading independent laboratory with strong expertise in lubricants, petroleum-based substance testing and tribological research, primarily serving the energy and transportation industries. The addition of this important location to our lubricant testing network makes SGS a truly global oil condition monitoring service provider.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**1 139.9**	**1 033.8**	**1 046.0**
Change in %		*10.3*	*9.0*
ADJUSTED OPERATING INCOME[1]	**154.0**	**135.6**	**137.1**
Change in %		*13.6*	*12.3*
MARGIN %[1]	**13.5**	**13.1**	**13.1**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

LIFE SCIENCE SERVICES

Life Science Services delivered significantly improved results with comparable revenues of CHF 205 million representing a growth, once adjusted for the winding-down of the Paris clinical trial activities, of 11.1% (of which 8.8% organic).

In line with the first semester, laboratory activities continued to deliver strong results across most geographies, with an overall growth of 12.9%. Performance in Europe remained solid thanks primarily to the biologics-related expertise of M-Scan in three countries and Vitrology in UK, while the North American laboratories also continued to deliver strong profitable growth supported by investments made in prior periods. A strong global key account management approach started to gain traction, helping to increase revenues for our facilities in India and China.

Excluding the Paris clinical trial activities, revenues from Clinical Research increased 6.7%, with late phase activities in North America and Belgium benefiting from new contracts and the integration of the Exprimo acquisition. However, early phase clinical trial revenues continued to face flat demand with limited opportunities for revenue growth.

The adjusted operating margin for the period increased to 13.2% from 8.4% in prior year (constant currency basis), reflecting the winding-down of the Paris clinical trial activities as well as higher profitability in the recently acquired M-Scan and Vitrology companies. North American laboratories also performed well following operational efficiency initiatives carried out in 2012.

During the second semester, the Group recognised an additional restructuring expense in relation to the clinical trial operations in Paris.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**205.0**	**200.6**	**199.3**
Change in %		*2.2*	*2.9*
ADJUSTED OPERATING INCOME[1]	**27.1**	**16.9**	**17.0**
Change in %		*60.4*	*59.4*
MARGIN %[1]	**13.2**	**8.4**	**8.5**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

CONSUMER TESTING SERVICES

Consumer Testing Services delivered strong double-digit comparable revenue growth of 12.0% (of which 11.2% organic) to CHF 1 042 million for the year, becoming the second business division to exceed CHF 1.0 billion in annual turnover. This very solid growth was driven primarily by the operations in Asia, South America and Eastern Europe, offsetting a difficult year in some European countries.

All segments of the business performed well. Electrical & Electronics activities delivered the strongest growth overall for the year, leveraging the substantial capital investments made in Wireless testing in Asia and significantly enhanced capabilities in North America. Softlines testing also remained strong, supported by new global customers and the launch of new services across an expanded network following investments made to increase laboratory capacity in several countries. Newer segments also performed well, with automotive parts testing in particular delivering revenue growth of nearly 50% after capacity expansions in China and India.

The adjusted operating income margin for the period remained broadly stable at 24.8% (constant currency basis), despite continued pressure from labour cost increases in some Asian countries, the short-term impact of new laboratory expansions not yet at full capacity, as well as disappointing results in Germany. Overall market conditions in Europe remained challenging both in terms of growth and margin, however this was mostly offset by sustained profitable growth in all other important geographies.

During the year, capital investments amounted to CHF 87 million including the relocation of our flagship laboratory in Hong Kong to new premises, and continued investments in our Electrical & Electronics capabilities in Korea and the USA. In addition, restructuring plans were completed in Europe in order to address areas of sub-optimal performance.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**1 041.9**	**930.6**	**936.2**
Change in %		*12.0*	*11.3*
ADJUSTED OPERATING INCOME[1]	**258.3**	**231.7**	**232.4**
Change in %		*11.5*	*11.1*
MARGIN %[1]	**24.8**	**24.9**	**24.8**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

SYSTEMS & SERVICES CERTIFICATION

Systems and Services Certification delivered comparable revenue growth of 4.1% (of which 3.9% organic) to CHF 402 million for the year, as weak market conditions in Europe and Japan, as well as the loss of an important contract in Australia for the mining industry, offset in part the strong growth achieved in other geographies.

In line with the first semester, performance across Europe remained disappointing where the market for Management and Environmental Systems certification is mature. However, this was offset by strong performance in other regions including Eastern Europe, Middle East, Africa and South America which all delivered double digit growth, along with increasing demand in new areas such as medical devices certification, food safety schemes and performance assessment activities.

The adjusted operating income margin for the year increased slightly to 18.3% from 18.2% in prior year (constant currency basis), despite the lack of growth in mature countries and related pricing pressure. This was achieved through the introduction of cost saving programmes in Europe and Japan, as well as operational efficiency initiatives. Other regions also contributed significantly to this margin performance, with many countries still having significant up-side in terms of service diversification and operational leverage compared to mature markets.

During the year, the Group acquired Hart Aviation, a global leader in aviation safety based in Melbourne, Australia. Hart Aviation conducts more than 700 auditing and advisory projects annually in over 60 countries, serving clients across all sectors and industries, to help them minimise their exposure to aviation risk. This acquisition will enable SGS to rapidly expand its offering to the aviation industry.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**401.6**	**385.7**	**394.9**
Change in %		*4.1*	*1.7*
ADJUSTED OPERATING INCOME[1]	**73.3**	**70.1**	**72.2**
Change in %		*4.6*	*1.5*
MARGIN %[1]	**18.3**	**18.2**	**18.3**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

INDUSTRIAL SERVICES

Industrial Services delivered comparable revenue growth of 8.3% (of which 2.1% organic) to CHF 960 million, as soft market conditions in Europe offset an organic growth in excess of 10.0% for the rest of the network.

The slowdown in Europe that impacted this business in the first semester continued throughout the balance of the year, with difficult market conditions persisting in Spain and Italy, project delays affecting Germany and Benelux, as well as a few important contracts having ended. Restructuring activities have been undertaken in all these countries to align organisational structures to changing market demand.

Other regions performed well, with investments carried out in prior periods delivering double digit growth in North America, Africa, South America and Asia.

The adjusted operating income margin for the period remained stable at 11.2% (constant currency basis), supported by tight cost control and restructuring plans in Europe combined with profitable growth from testing activities in North America, South America and Africa.

During the year, the Group completed six acquisitions in Industrial Services with a strong focus on achieving a balance between inspection and testing services. Labmat in Brazil, MSi in USA, Civil Quality Assurance in Australia and the laboratories of MIS Testing in the UK all contributed to increasing the Group's presence in the material testing space.

Also in Brazil, the Group acquired Enger, a leader in project supervision and technical consultancy for infrastructure, building and industrial projects which employs 410 staff.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**960.3**	**886.5**	**898.6**
Change in %		*8.3*	*6.9*
ADJUSTED OPERATING INCOME[1]	**107.3**	**99.0**	**100.2**
Change in %		*8.4*	*7.1*
MARGIN %[1]	**11.2**	**11.2**	**11.2**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

ENVIRONMENTAL SERVICES

Environmental Services delivered comparable revenue growth of 3.0% to CHF 328 million for the year, with two acquisitions during the past twelve months countering an organic revenue decline of 0.3%.

The uneven regional growth trends from the first semester continued throughout the second half of the year. Solid growth and margin improvements were achieved in Asia, South America and Australia where Environmental Services developed at a fast pace across all industrial sectors. In Africa opportunities also continued to grow mainly in the mining and the oil & gas sectors, albeit at a slow pace, reflecting the current downturn in mining. These positive developments were not sufficient to offset the impact of the weak market and prolonged winter conditions at the start of the year in Europe. Volumes in Spain, France, Italy and Belgium declined, and only Poland and the Netherlands succeeded in growing revenues.

Despite the situation in Europe, the adjusted operating margin only decreased slightly from 10.5% (constant currency basis) in the prior year to 10.3%, benefiting from ongoing efforts made to restructure operating costs as certain markets continue to decline, particularly in Spain, France, Italy and the Czech Republic. Profitable growth in other regions also contributed to maintaining overall margins.

During the year, the Group invested organically to continue geographical and service diversification, with new market entries in Asia and Africa. The Group also optimised the European laboratory network by introducing an improved regional sample distribution model to increase efficiency and profitability.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**328.0**	**318.5**	**322.7**
Change in %		*3.0*	*1.6*
ADJUSTED OPERATING INCOME[1]	**33.8**	**33.5**	**34.2**
Change in %		*0.9*	*(1.2)*
MARGIN %[1]	**10.3**	**10.5**	**10.6**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

AUTOMOTIVE SERVICES

Automotive Services delivered comparable revenue growth of 11.4% (of which 10.4% organic) to CHF 305 million for the year, sustained by strong results from statutory inspection activities and other new contracts.

Vehicle inspection operations achieved healthy results in all regions, including Western Europe where the large networks in France and Spain maintained revenues despite the economic conditions. Operations in Africa also performed well, with new centers being opened in Morocco during the year, and in South America revenues remain in line with expectations despite high inflation in Argentina.

Other activities also developed well, with a new weighbridge management contract for axle load control being rolled out in Kenya and a vehicle and boat tax collection contract launched in Ivory Coast. In the USA, commercial inspection volumes also started to pick up after difficult market conditions in the past two years, while in Europe a new contract with the Irish Road Safety Authority has partially replaced revenues lost following the end of the Transport for London concession.

The adjusted operating margin for the year declined from 22.2% (constant currency basis) in prior year to 21.6%, impacted by the loss of the Transport for London contract and increased competition in Spain following the transition to a liberalised model in the Madrid region.

During the year, the Group successfully tendered for a ten year concession in Ecuador to establish and run statutory inspection services in the city of Guayaquil. These stations will become operational in 2014. The Group also acquired RDFI, a privately owned group of nine vehicle inspection test stations in France, and Yuanshun, the leading vehicle inspection company in Qingdao, Shandong province, representing a first step into the growing Chinese vehicle inspection market.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**305.1**	**273.8**	**277.4**
Change in %		*11.4*	*10.0*
ADJUSTED OPERATING INCOME[1]	**65.8**	**60.8**	**60.9**
Change in %		*8.2*	*8.0*
MARGIN %[1]	**21.6**	**22.2**	**22.0**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

GOVERNMENTS & INSTITUTIONS SERVICES

Governments & Institutions Services delivered solid organic revenue growth of 11.1% (constant currency basis) for the year to CHF 275 million, sustained by increasing volumes on all Product Conformity Assessment (PCA) programmes and solid growth from TradeNet solutions in Africa.

Local Solution services, now representing 70% of total revenues for the division, delivered an organic revenue growth of 14.7% (constant currency basis) over prior year. This was achieved mainly through the strong performance of well established TradeNet solutions in Ghana and Madagascar, as well as an excellent start in Mozambique. PCA programmes also performed well, with increasingly high volumes in Kenya and Tanzania, as well as in Saudi Arabia, Kuwait and the Kurdistan region of Iraq.

Global Solution activities also delivered solid results, generating an organic revenue growth of 10.4% for the year, with volumes in the major Pre-shipment Inspection (PSI) programmes in Cameroon and Haiti leading the growth in addition to the extension of the Destination Inspection programme in Nigeria. The PSI mandates in Bangladesh and Angola were discontinued.

The adjusted operating margin for the year increased to 24.8% from 20.3% (constant currency basis), supported by economies of scale achieved through high volumes on all key PCA and PSI programmes.

During the year, and in line with its strategy of diversifying away from PSI, the business continued to invest in new activities. Following pilot schemes in Haiti and Uganda, a new full scale telecoms monitoring programme has been signed with the Tanzanian authorities for a period of five years. In addition, for Global Solutions, the Group secured new PCA programmes with Uganda and Ethiopia.

(CHF million)	2013 RESULTS	2012 PRO-FORMA[2]	2012 RESTATED[3]
REVENUE	**274.7**	**247.2**	**256.0**
Change in %		*11.1*	*7.3*
ADJUSTED OPERATING INCOME[1]	**68.2**	**50.3**	**53.7**
Change in %		*35.6*	*27.0*
MARGIN %[1]	**24.8**	**20.3**	**21.0**

1. Before amortisation of acquisition intangibles, restructuring, transaction and integration-related costs.
2. Restated figures on a constant currency basis.
3. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

CORPORATE GOVERNANCE

GROUP STRUCTURE and Shareholders 1

CAPITAL STRUCTURE 2

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INFORMATION POLICY 9

This Corporate Governance Report informs shareholders, prospective investors and the public at large on SGS policies in matters of corporate governance such as the structure of the Group, shareholders' rights, roles and duties of the Board of Directors and its Committees and Management, internal controls and audits as well as directors and executive compensation. This report has been prepared in compliance with the Swiss Exchange (SIX) Directive on Information Relating to Corporate Governance of October 29, 2008 as amended and related commentary issued by the SIX.

This report includes the SGS Compensation Report for 2013 (section 5), which is subject to an advisory vote at the Annual General Meeting of Shareholders following the recommendations of the Swiss Code of Best Practice for Corporate Governance in this matter.

The SGS Corporate Governance framework aims to achieve an efficient allocation and management of resources, clear mechanisms for setting strategies and targets in order to maximise and protect shareholder value. SGS strives to attain this goal by defining clear and efficient decision-making processes, fostering a climate of performance and accountability among managers and employees alike and aligning employees' remuneration with the long-term interests of shareholders.

1

GROUP STRUCTURE AND SHAREHOLDERS

1.1. GROUP STRUCTURE

SGS SA, registered in Geneva (CH), also referred to as the "Company", controls directly or indirectly all entities worldwide belonging to the SGS Group, which provides independent inspection, verification, testing, certification and quality assurance services.

The shares of SGS SA are listed on the SIX Swiss Exchange and are traded on SIX Europe (Swiss Security Number: 249745; ISIN: CH0002497458). On 31 December 2013, the market capitalisation of SGS SA was CHF 16 052 million.

None of the companies under the direct or indirect control of SGS SA has listed its shares or other securities on any stock exchange.

The principal legal entities consolidated within the Group are listed on pages 128 to 131 of the Annual Report, with details of the share capital, the percentage of shares controlled directly or indirectly by SGS SA and the registered office or principal place of business.

Details of acquisitions made by the SGS Group during 2013 are provided in note 3 to the consolidated financial statements included in the section SGS Group Results (pages 48 to 100) of this Annual Report.

The operations of the Group are divided into 10 regions, each led by a Chief Operating Officer who is responsible for the SGS businesses in that region and for the local implementation of Group policies and strategies.

At 31 December 2013, geographic operations were organised as follows:

Europe, Africa, Middle East

- Western Europe
- Northern and Central Europe
- Southern Central Europe
- Eastern Europe & Middle East
- Africa

Americas

- North America
- South America

Asia Pacific

- East Asia
- China & Hong Kong
- South Eastern Asia & Pacific

The Group is also structured into 10 lines of business. Each business line is responsible for the global development of Group activities within its own sphere of specialisation and for the execution of strategies with the support of the Chief Operating Officers.

At 31 December 2013, the business lines were organised as follows:

- Agricultural
- Minerals
- Oil, Gas & Chemicals
- Life Science
- Consumer Testing
- Systems & Services Certification
- Industrial
- Environmental
- Automotive
- Governments & Institutions

Each line of business is led by an Executive Vice President.

Chief Operating Officers and Executive Vice Presidents are members of the Operations Council, the Group's most senior management body.

1.2. SIGNIFICANT SHAREHOLDERS

As at 31 December 2013, Group Bruxelles Lambert acting through Serena Sàrl held 15.00%, Mr. August von Finck and members of his family acting in concert held 14.97% (2012: 14.97%), the Bank of New York Mellon Corporation held 3.18% (2012: 3.26%), of the share capital and voting rights of the Company.

SGS SA, together with certain of its subsidiaries, held 2.19% (2012: 2.43%) of the share capital of the company.

During 2013, the Company has published regularly on the electronic platform of the Disclosure Office of the SIX Swiss Exchange Ltd. all disclosure notifications received from shareholders of transactions subject to the disclosure obligations of Article 20 SESTA. Such disclosure notifications can be accessed at http://www.six-swiss-exchange.com/shares/companies/.

1.3. CROSS-SHAREHOLDINGS

Neither SGS SA nor its direct and indirect subsidiaries has any cross-shareholding in any other entity, whether publicly traded or privately held.

2

CAPITAL STRUCTURE

2.1. ISSUED SHARE CAPITAL

The share capital of SGS SA is CHF 7 822 436 and comprises 7 822 436 fully paid-in, registered shares of a par value of CHF 1.

On 31 December 2013, SGS SA held, directly or indirectly, 171 596 treasury shares (2012: 190 394).

In 2013, 37 201 treasury shares were sold or released to cover option rights. These shares were sold at an average price of CHF 1 147. During the year, 18 403 treasury shares were purchased for an average price of CHF 2 088 in application of a CHF 250 million Share Buy-Back programme valid from 12 March 2012 to 31 December 2014.

2.2. AUTHORISED AND CONDITIONAL SHARE CAPITAL

The Board of Directors has the authority to increase the share capital of the Company by a maximum of 500 000 registered shares with a par value of CHF 1 each, corresponding to a maximum increase of CHF 500 000 in share capital. The Board is authorised to issue the new shares at the market conditions prevailing at the time of issue. In the event that the new shares are issued for the purposes of an acquisition, the Board is authorised to waive the shareholders' preferential right of subscription or to allocate such subscription rights to third parties. The authority delegated by the shareholders to the Board of Directors to increase the share capital is valid until 19 March 2014.

The shareholders have conditionally approved an increase of share capital by an amount of CHF 1 100 000 divided into 1 100 000 registered shares with a par value of CHF 1 each. This conditional share capital increase is intended to obtain the shares necessary to meet the Company's obligations with respect to employee share option plans and option or conversion rights of convertible bonds or similar equity-linked instruments that the Board is authorised to issue. The right to subscribe to such conditional capital is reserved to beneficiaries of employee share option plans and holders of convertible bonds or similar debt instruments and therefore excludes shareholders' preferential rights of subscription. The Board is authorised to determine the timing and conditions of such issues, provided that they reflect prevailing market conditions. The term of exercise of the options or conversion rights may not exceed 10 years from the date of issuance of the equity-linked instruments.

2.3. CHANGES IN CAPITAL

There have been no changes to the Company's share capital in the last six years.

2.4. SHARES AND PARTICIPATION CERTIFICATES

All shares, other than treasury shares held directly or indirectly by SGS SA, have equal rights to the dividends declared by the Company and have equal voting rights.

The Company has not issued any participation certificates (bons de participation/Partizipationsscheine).

2.5. PROFIT SHARING CERTIFICATES

The Company has not issued any profit sharing certificates.

2.6. LIMITATIONS ON TRANSFERABILITY AND ADMISSIBILITY OF NOMINEE REGISTRATIONS

SGS SA does not limit the transferability of its shares. The registration of shares held by nominees is not permitted by the Company's Articles of Association, except by special resolution of the Board of Directors. By decision of the Board, made public in a note issued by SAG (then SEGA) on 4 October 2001, the Company's shares can be registered in the name of a nominee acting in a fiduciary capacity for an undisclosed principal. Such shares do not carry voting rights except with the approval of the Board of Directors. On 23 March 2005, the Board of Directors decided to approve the registration of such shares with voting rights of up to 5% of the aggregate share capital of the Company. This decision was communicated to SAG.

The Company has a single class of shares and no preferential rights, statutory or otherwise, have been granted to any shareholder.

2.7. CONVERTIBLE BONDS AND WARRANTS/OPTIONS

No convertible bonds have been issued by the Company or by any entity under its direct or indirect control. Options granted to senior managers and Directors of the Group are detailed in section 5. Details of all options outstanding are provided in note 31 to the consolidated financial statements of the Group. No other options or similar instruments have been issued by the Company nor by any of the Group's subsidiaries.

3

BOARD OF DIRECTORS

The Board of Directors is the highest governing body within the Group. It is the ultimate decision-making authority except for those decisions reserved by law to the General Meeting of Shareholders.

3.1. MEMBERS OF THE BOARD OF DIRECTORS

In 2013, Rui Brandolini d'Adda and John Elkann stepped down with effect on the day of an Extraordinary Shareholders Meeting convened on July 10. On that date, Paul Desmarais, Ian Gallienne and Gérard Lamarche were elected to the Board of Directors of the Company. This section presents the Members of the Board of Directors of the Company, with their functions in the Group, their professional background and all their material positions in governing and supervisory boards, management positions and consultancy functions, official tenures and political commitments, both in Switzerland and abroad, as at 31 December 2013 (an * denotes a listed company).

Olivier Merkt, General Counsel & Chief Compliance Officer of the Group, acts as the Company Secretary; he is not a Member of the Board of Directors.

SERGIO MARCHIONNE (1952)

Canadian/Italian

Function in SGS

Chairman:

- Board of Directors
- Audit Committee
- Nomination and Remuneration Committee
- Professional Conduct Committee

Initial appointment to the Board

May 2001

Professional Background

Chief Executive Officer of FIAT S.p.A. Turin (IT), since 2004 and Chrysler Group LLC, Auburn Hill, Michigan (USA), since 2009, Chairman since 2011.

Sergio Marchionne holds a BA in Philosophy and Economics from the University of Toronto, and an LLB degree from Osgoode Law School, York University, Toronto. He also has an MBA and B.Com from the University of Windsor, in Canada.

A barrister, solicitor and chartered accountant Mr Marchionne began his career in Canada in 1983. More recently, in 2011, he was appointed Chairman and Chief Executive Officer of Chrysler Group LLC, Chief Operating Officer at NAFTA and Chairman of Fiat Industrial S.p.A, including CNH, Iveco and FPT Industrial.

His relationship with Chrysler dates back to 2009 when he was appointed Chief Executive Officer, a post he still holds. At Fiat, Mr Marchionne continues to fulfill the roles of Chief Executive Officer, Fiat Group Automobiles (2005 to present), Chief Executive Officer, Fiat S.p.A. (2004 to present) and Board Member, Fiat S.p.A (2003 to present). In addition he is also Chairman of CNH and has been since 2006.

Other Activities and Functions

*Fiat S.p.A., Turin (IT), Member of the Board since 2003

*CNH Industrial N.V., Amsterdam (NL), Chairman since 2013

*Philip Morris International SA, Lausanne (CH), Member of the Board since 2008

*Exor S.p.A., Turin (IT), Member of the Board since 2010

European Automobile Manufacturers' Association (ACEA), Brussels (BE), Member of the Board since 2004

PAUL DESMARAIS, JR (1954)

Canadian

Function in SGS

Member:

- Board of Directors

Initial appointment to the Board

July 2013

Professional Background

Chairman and Co-Chief Executive Officer, Power Corporation of Canada

Paul Desmarais, Jr. has a degree in Business Studies from McGill University, Montréal and an MBA from the Institut Européen d'Administration des Affaires (INSEAD) in Fontainebleau. He has received honorary doctorates from various Canadian universities.

He began his career in England with S.G. Warburg & Co, moving on to Standard Brands Incorporated in New York. In 1981, he joined Power Corporation of Canada, where he is now Chairman of the Board and Co-Chief Executive Officer. He is a Director of many Power group companies in North America.

Other Activities and Functions

*Group Bruxelles Lambert, Brussels (BE), Vice-Chairman of the Board of Directors

*GDF SUEZ, Paris (F), Board Member

*Great-West Lifeco Inc., Winnipeg (Can), Member of the Board (including those of its major subsidiaries)

*IGM Financial Inc., Winnipeg (Can), Member of the Board (including those of its major subsidiaries)

*Lafarge SA, Paris (F), Board Member

*Pargesa Holding SA, Geneva, (CH), Board Member since 1992, Chairman of the Board since 2013

*Power Financial Corporation, Montreal (Can), Co-Chairman and Member of the Board

*Total S.A., Paris (F), Board Member

Founder and member of the International Advisory Board of l'Ecole des Hautes Etudes Commerciales (HEC) (Can)

Founder and Honourary Member of the Desautels Faculty of Management International Advisory Board

Member of the Principal's International Advisory Board of McGill University (Can)

Member of the Advisory Council of the European Institute of Business Administration (INSEAD)

Trustee of the Brookings Institution and a Co-Chair of the Brookings International Advisory Council (USA)

Member of the Global Board of Advisers of the Council on Foreign Relations (USA)

Chairman of the Board of Governors of The International Economic Forum of the Americas (Can)

Member of the Global Advisory Council of Harvard University (USA)

Chairman of the Canadian Council of Chief Executives (Can)

AUGUST VON FINCK (1930)

German

Function in SGS

Member:

- Board of Directors
- Nomination and Remuneration Committee

Initial appointment to the Board

October 1998

Professional Background

August von Finck, descends from the banking family von Finck. His grandfather, Wilhelm von Finck, founded Merck, Finck & Co. in 1870, the private bank which was at the origin of companies including Munich Re, Allianz insurance and the Löwenbräu breweries, among others.

Based in Munich, the member of the third generation of the von Finck family belongs to several Boards of directors and holds interests in a number of German, Swiss, Austrian companies as well as in groups from other countries.

In Switzerland, August von Finck's participations include Mövenpick Holding A.G. and Von Roll Holding A.G.

Other Activities and Functions

Generali Holding Vienna AG, Vienna (AT), Member of the Board since 1974

AUGUST FRANÇOIS VON FINCK (1968)

Swiss

Function in SGS

Member:

- Board of Directors
- Audit Committee

Initial appointment to the Board

May 2002

Professional Background

François Von Finck holds a Master of Business Administration from Georgetown University, Washington D.C. He has a banking background and is currently Managing Director of Carlton Holding in Basel.

Other Activities and Functions

*Custodia Holding, Munich (DE), Member of the Board since 1999

Carlton Holding, Allschwil (CH), Member of the Board since 2001

*Staatl. Mineralbrunnen AG, Bad Brückenau (DE), Member of the Board since 2001

Bank von Roll, Zürich (CH), Vice-President of the Board since 2009

*Von Roll Holding AG, Breitenbach (CH), Member of the Board since 2010

IAN GALLIENNE (1971)

French

Function in SGS

Member:

- Board of Directors
- Nomination and Remuneration Committee

Initial appointment to the Board

July 2013

Professional Background

Ian Gallienne has a degree in Management and Administration, with a specialization in Finance, from Ecole Supérieure des Dirigeants d'Entreprises (ESDE) in Paris and an MBA from Institut Européen d'Administration des Affaires (INSEAD) in Fontainebleau.

In 1992 he began his career in Spain as Co-Founder of a sales company. From 1995 to 1997, he was a member of management for a consulting firm, specialising in turning around struggling businesses in France. From 1998 to 2005, he was Manager of the private equity funds Rhône Capital LLC in New York and London. From 2005 to 2012, he has been Founder and Managing Director of the private equity funds Ergon Capital Partners in Brussels.

He is a Director of Groupe Bruxelles Lambert since 2009 and Managing Director since 2012.

Other Activities and Functions

Chairman of the Investment Committee of the private equity funds Ergon Capital Partners in Brussels since 2012

Gruppo Banca Leonardo SpA Milan (IT), Member of the Board

*Imerys, Paris (F), Member of the Board and Member of the Strategic Committee

*Lafarge, Paris (F), Member of the Board, Member of the Corporate Governance and Nominations Committee, Member of the Remuneration Committee

*Pernod Ricard S.A., Paris, (F), Member of the Board and Member of the Remuneration Committee

Steel Partners, (BE), Member of the Board

CORNELIUS GRUPP (1947)

Austrian

Function in SGS

Member:

- Board of Directors

Initial appointment to the Board

March 2011

Professional Background

Dr. Grupp holds a Doctorate in law and a Master in Business Administration.

He is the owner and general manager of Tubex Holding GmbH, Stuttgart, Germany a company active in the packaging industry and specialised in the production of aluminum aerosol cans, aluminum tubes and plastic tubes and of CAG Holding GmbH, Lilienfeld, Austria, active in the field of aluminum, glass and fibers.

Other Activities and Functions

Schoellerbank AG, Vienna (AT), Member of the Board since 1999

Stölzle Oberglas, Koeflach (AT), Member of the Board since 1989

Honorary Consul of Austria to the Land of Baden-Württemberg

PETER KALANTZIS (1945)

Swiss/Greek

Function in SGS

Member:

- Board of Directors
- Audit Committee

Initial appointment to the Board

March 2009

Professional Background

Peter Kalantzis holds a Ph.D. in Economics and Political Sciences from the University of Basel and engaged in research as a member of the Institute for Applied Economics Research at the University of Basel between 1969 and 1971.

Prior to 2000, Peter Kalantzis was responsible for Alusuisse-Lonza Group's corporate development and actively involved in the de-merger and stock market launch of Lonza, as well as the merger process of Alusuisse and Alcan. Dr. Kalantzis served as head of the Chemicals Division of Alusuisse-Lonza Group from 1991 until 1996. In 1991 Dr. Kalantzis was appointed Executive Vice-President and Member of the Executive Committee of the Alusuisse-Lonza Group.

Dr. Kalantzis has worked as an independent consultant since 2000.

Other Activities and Functions

Mövenpick/Holding AG, Baar (CH), Chairman of the Board since 2001

Clair AG, Cham (CH), Chairman of the Board since 2004

*CNH Industrial NV, Amsterdam (NL), Member of the Board since 2013

Degussa Sonne/Mond Goldhandel AG, Cham (CH), Chairman of the Board since 2012

Lamda Consolidated Holdings Ltd., Luxembourg (LU), Member of the Board since 2003

*Lamda Development Ltd., Athens (GR), Chairman of the Board since 2010, Member since 2004

Elpe-Thraki, Athens (GR), Member of the Board since 2007

Paneuropean Oil and Industrial Holdings SA, Luxembourg (LU), Member of the Board since 2002

*Von Roll Holding AG, Breitenbach (CH), Chairman of the Board since 2010, Member of the Board since 2007

Transbalkan Pipeline BV, Amsterdam (NL), Member of the Supervisory Board since 2008

Hardstone Services SA, Geneva (CH), Member of the Board since 2009

GÉRARD LAMARCHE (1961)

Belgian

Function in SGS

Member:

- Board of Directors
- Audit Committee

Initial appointment to the Board

July 2013

Professional Background

Gérard Lamarche graduated from the University of Louvain-la-Neuve with a Bachelor's degree in Economic Science and a specialisation in Business Administration and Management. He also completed the Advanced Management Program for Suez Group Executives at the INSEAD Business School and took part in the 1998-99 Wharton International Forum, Global Leadership Series.

He began his professional career in 1983 with Deloitte Haskins & Sells in Belgium, and became M&A Consultant in the Netherlands in 1987. In 1988, he joined the Venture Capital Department of Société Générale de Belgique as Investment Manager. He was promoted to Controller in 1989, and in 1992 was appointed Advisor to the Director of Strategic Planning.

He became Secretary of the Suez Executive Committee (1995-1997); he was later appointed Senior Vice President in charge of Planning, Control and Accounting.

In July 2000, Gérard Lamarche joined NALCO (US subsidiary of the Suez Group and world leader in industrial water treatment) as Director, Senior Executive Vice President and CFO.

He was appointed CFO of the Suez Group in March 2004.

He is a Director of Group Bruxelles Lambert since 2011 and Managing Director since 2012.

Other Activities and Functions

*Lafarge, Paris (F), Member of the Board, Member of the Strategic Committee, Member of the Audit Committee

*Legrand, Limoges (F), Member of the Board and Chairman of the Audit Committee

*Total S.A., Paris (F), Board Member and Member of the Audit Committee

*GDF SUEZ, Paris (F), Censor

SHELBY R. DU PASQUIER (1960)

Swiss

Function in SGS

Member:

- Board of Directors
- Professional Conduct Committee

Initial appointment to the Board

March 2006

Professional Background

Attorney at law, Partner Lenz & Staehelin law firm, Geneva

Shelby R. du Pasquier, holds degrees from Geneva University Business School and School of Law as well as from Columbia University School of Law (LLM). He was admitted to the Geneva Bar in 1984 and to the New York Bar in 1989. He became a partner of Lenz & Staehelin in 1994.

Other Activities and Functions

*Swiss National Bank, Member of the Board since 2012

Stonehage Trust Holdings (Jersey) Limited, Member of the Board since 2012

Pictet & Cie Group SCA, Chairman of the Supervisory Board since 2013

The Directors bring a wide range of experience and skills to the Board. They participate fully in decisions on key issues facing the Group. Their combined expertise in the areas of finance, commercial law, strategy, and their respective position of leadership in various industrial sectors are important contributing factors to the successful governance of an organisation of the size and complexity of SGS. The Board undertakes a periodic review of the Directors' interests in which all potential or perceived conflicts of interests and issues relevant to their independence are considered. Based on this review, the Board has concluded that all the non-executive Directors (including the Chairman) are independent from management and free of any relationship that could materially interfere with the exercise of their independent judgement. With the exception of Sergio Marchionne, who was Chief Executive Officer of the Group between February 2002 and June 2004, none of the Directors or their close relatives has or had any management responsibility within the SGS Group. None of the Members of the Board of Directors or their close relatives has or had any material business connections with the Company or its affiliated companies. The remuneration of the Members of the Board of Directors is detailed in section 5.2.1.

The Chairman of the Board, jointly with members of the Board of Directors, reviews periodically the performance of the Board as a whole, of its Committees and of each of its individual members. On the basis of this periodic assessment, changes to the composition of the Board membership are regularly proposed to the Company's Annual General Meeting of Shareholders. This periodic performance evaluation is designed to ensure that the Board is always in a position to provide an effective oversight and leadership role to the Group.

3.2. CROSS INVOLVEMENT

No member of the Board of Directors or of the Operations Council is also a member of the executive bodies of entities or organisations with which the Group has material business or commercial relations.

3.3. ELECTIONS AND TERMS OF OFFICE

The Articles of Association of SGS SA provide that the Members of the Board of Directors are elected by the shareholders for a maximum term of four years. Each Member of the Board is individually elected at the Annual Meeting of Shareholders. There is no limit to the number of terms a Director may serve. The term of office of all the current Board Members will expire at the 2014 Annual General Meeting of Shareholders, from which time all Board positions will be subject to annual election by the shareholders. There is no provision for partial, rotating or staggered renewal of the Board of Directors. By-elections may be held before the end of the term of office in the event of vacancies.

The initial date of appointment of each Board Member is indicated in section 3.1.

3.4. INTERNAL ORGANISATIONAL STRUCTURE

The duties of the Board of Directors and its Committees are defined in the Company's internal regulations which are reviewed periodically. They set out all matters for which a decision by the Board of Directors is required. In addition to the decisions required by Swiss company law, the Board of Directors approves the Group's strategies and key business policies, investments, acquisitions, disposals and commitments in excess of delegated limits.

3.4.1. Allocation of Board Member tasks

The Board of Directors elects its Chairman, currently Sergio Marchionne (see section 3.1.) and the members of its committees at the beginning of each term, at its first meeting after the Annual General Meeting of shareholders.

3.4.2. Committees

The Board has established the following committees:

- Nomination and Remuneration
- Audit
- Professional Conduct

Each committee acts within terms of reference established by the Board of Directors and set out in the internal regulations of the Company. The minutes of their meetings are available to all Directors. The Chairman of the Board also chairs each of the Board Committees.

Section 3.1. indicates the membership of each Board Committee.

Nomination and Remuneration Committee

Section 5.1. of this report describes the terms of reference and activities during 2013 of the Nomination and Remuneration Committee. In 2013, the Committee held one meeting which lasted one hour, with all committee members attending.

Audit Committee

The Audit Committee supports the Board of Directors in discharging its duties in relation to financial reporting and control. Such duties include consideration of the appropriateness of accounting policies, the adequacy of internal controls and risk management and regulatory compliance. It is also responsible for the supervision of the internal and external auditors of the Group, each of which provides regular reports to the committee on findings arising from their work. The committee reports regularly to the Board of Directors on its findings. In 2013, the Audit Committee held three meetings with an average duration of meetings of one and a half hour. Every meeting of the Audit Committee in 2013 was attended by all members of the Committee.

Professional Conduct Committee

The Professional Conduct Committee assists the Board of Directors and Management in establishing policies relating to professional conduct and oversees their implementation. The Group's professional conduct policies are embodied in the Code of Integrity which sets out the principles governing business conduct, which are applied across the whole SGS Group. These principles reflect the Business Principles for Countering Bribery issued by Transparency International and Social Accountability International and incorporate the rules adopted by the International Federation of Inspection Agencies (IFIA), the professional association for the inspection industry. The Committee met twice in 2013 and passed several resolutions in writing. Meetings of the Professional Conduct Committee in 2013 were attended by all members and had an average duration of one hour.

In addition to the Board Members indicated in the section 3.1., the Professional Conduct Committee also comprises the Chief Executive Officer and the General Counsel & Chief Compliance Officer (General Counsel). The head of Internal Audit attends all meetings of the Professional Conduct Committee.

3.4.3. Board Meetings

The Board of Directors convenes regularly scheduled meetings at least once every quarter with additional meetings held as and when required, in person or by phone conference. It may pass resolutions by written consent.

The Chairman plans and defines the agenda of the meetings of the Board and its Committees. Each Board Member has the right to request that a meeting be held or that an item for discussion and decision be included in the agenda of a meeting. Board and Committee members receive supporting documentation in advance of the meetings and are entitled to request further information from the Management in order to assist them to prepare for the meetings.

To be adopted, resolutions need a majority vote of the members of the Board or Committee, with the Chairman having a casting vote.

The Board of Directors held seven physical meetings in 2013 and one meeting by phone conference. Meetings of the Board of Directors had an average duration of two and half hours. With the exception of one member who was excused at one of the meetings, all members of the Board of Directors have attended every meetings of the Board of Directors in 2013.

3.5. DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors is responsible for the ultimate direction of the Group. The Board discharges all duties and responsibilities which are attributed to it by law. In particular, the Board:

- Leads and oversees the conduct, management and supervision of the Group
- Determines the organisation of the Group
- Assesses risks facing the business and reviews risk management and mitigation policies
- Appoints and removes the Group's Chief Executive Officer and other members of Management
- Defines the Group's accounting and control principles
- Decides on major acquisitions, investments and disposals
- Discusses and approves the Group's strategy, financial statements and annual budgets
- Prepares the General Meetings of Shareholders and implements the shareholders' resolutions
- Notifies the judicial authorities in the event of insolvency of the Company, as required by Swiss law

In accordance with the Company's internal regulations, operational management of the Group, a function which the Board of Directors has delegated, is the responsibility of the Operations Council. The Operations Council has the authority and responsibility to decide on all issues which are not attributed to the Board of Directors. In the event of uncertainty on a particular issue regarding the separation of responsibility between the Board of Directors and the Management, the final decision is taken by the Chairman of the Board.

The Chairman is regularly informed of the activities of the Operations Council by the Chief Executive Officer, Chief Financial Officer and General Counsel.

The Operations Council is chaired by the Chief Executive Officer and consists of those individuals entrusted with the operational management of the Group's activities, as follows:

- The Chief Operating Officers (COOs) are responsible for operations in the Group's 10 regions (see section 1.1.)
- The Executive Vice Presidents (EVPs) are entrusted with the management and development of the Group's 10 business lines (see section 1.1.)
- The Senior Vice Presidents (SVPs) represent the principal Group support functions (Finance, Human Resources, IT, Communications & Investor Relations, Corporate Development, Legal & Compliance and Strategic Transformation)

The composition, role and organisation of the Operations Council are detailed in section 4.

3.6. INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE MANAGEMENT

A. Responsibility of the Board

The Board of Directors has ultimate responsibility for the system of internal controls established and maintained by the Group and for periodically reviewing its effectiveness. Internal controls are intended to provide reasonable assurance against financial misstatement and/or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information and the compliance with relevant legislation, regulation and industry practice.

B. Governance framework

The Company has an established governance framework which is designed to oversee its operations and assist the Group in achieving its objectives. The main principles of this framework include the definition of the role of the Board and its Committees, an organisational structure with documented delegated authority from the Board to Management and procedures for the approval of major investments, acquisitions and other capital allocations.

The Chief Executive Officer participates in the meetings of the Board of Directors and of the Committees; with the exception of the Nomination and Remuneration Committee; the Chief Financial Officer participates in the meetings of the Board of Directors and of the Audit Committee; the Group Controller and the Head of the Internal Audit Function participate in the meetings of the Audit Committee; the Head of Human Resources participates in the meetings of the Nomination and Remuneration Committee and the General Counsel & Chief Compliance Officer attends all meetings of the Board of Directors and its Committees. The other members of the Operations Council and other members of management only participate in the Board and Committee meetings by invitation.

C. Information to the Board

The Board of Directors is constantly informed about the operational and financial results of the Group by way of detailed monthly management reports which describe the performance of the Group and its divisions. During each Board meeting, the Chief Executive Officer and the Chief Financial Officer present a report to the Board of directors on the operations and financial results, with an analysis of deviations from prior year and from current financial targets. During Board Meetings, the Board is updated on important issues facing the Group. The Chief Executive Officer, the Chief Financial Officer and the General Counsel & Chief Compliance Officer (hereafter "Senior Management") attend all of the Board of Directors meetings, while other Operations Council members attend from time to time to discuss matters under their direct responsibility.
The Board of Directors meets with all members of the Operations Council at least twice a year. During Board Meetings or Committee Meetings, Board members can require any information concerning the Group.

The Board reviews and monitors regularly and formally, once a year, all previous acquisitions and large investments as well as the implementation of related Group strategies.

The Group has a dedicated Internal Audit function, reporting to the Chairman of the Board and the Audit Committee, which assesses the effectiveness and appropriateness of the Group's risk management, internal controls and governance processes as well as the reliability of internal financial and operational information and ensures that the standards and policies of the Group are respected. Internal Audit reviews and identifies areas of potential risk associated with the key business activities performed by a particular office, highlights opportunities for improvement and proposes constructive control solutions to reduce any exposures. All key observations are communicated to the Operations Council and the Chairman of the Board through formal and informal reports.

The Audit Committee is regularly informed about audits performed and important findings, as well as the progress on implementing the agreed actions by management.

D. General Counsel & Chief Compliance Officer

Furthermore, the Group has a compliance function, headed by the General Counsel & Chief Compliance Officer, who is a member of the Professional Conduct Committee and has direct access to the Chairman of the Board. The compliance function supports the implementation of a compliance programme based on the SGS Code of Integrity, available in 30 languages. The goal of the programme is to ensure that the highest standards of integrity are applied to all of the Group's activities worldwide in accordance with international best practices.

E. Other

In addition, the main business lines have specialised technical governance units, which ensure compliance with internally set quality standards and industry best practices.

F. Risk Assessment

The Board conducts on a yearly basis an assessment of the risks facing the Group. This process is conducted with the active participation and input by the Management. Once identified, risks are assessed according to their likelihood, severity and mitigation.

The Board deliberates on the adequacy of measures in place to mitigate and manage risks and assigns responsibility to designated managers for implementation of such measures. As part of this process, the ownership and accountability for identified risks are assigned to named members of management, and actions for mitigation or remediation of identified risks are approved by the Board. The implementation of such actions is audited by Internal Audit. These findings are communicated to the Board of Directors so that progress and identified risks can be monitored objectively and independently from Management.

The risks identified and monitored by the Board fall broadly into three categories: first, environment risks which include circumstances outside the Group's direct sphere of influence, such as competition and economic or political landscape, second, process risks which include risks linked to the operations of the business, the management of the Group and the integrity of its reputation in the market place and thirdly, risks associated with information and decision-making.

4

OPERATIONS COUNCIL

The Operations Council (as defined in section 3.5.) meets on a regular basis, in principle at least six times a year. Between meetings, it holds regular phone conferences and may make decisions on such calls or by electronic voting.

4.1. MEMBERS OF THE OPERATIONS COUNCIL

The members of the Operations Council at 31 December 2013 were as follows:

CHRISTOPHER KIRK (1956)

British

Chief Executive Officer & IT

Bachelor of Science

Joined SGS in 1981

Previous responsibilities

2003 – 2006: EVP, Minerals and Environmental Services

2002 – 2003: COO, South Eastern Asia & Pacific

2000 – 2002: Managing Director and Sub-regional Manager, Singapore

1998 – 1999: Managing Director, Thailand

GERALDINE MATCHETT (1972)

Swiss/British/French

Chief Financial Officer

Master in Sustainable Development

Chartered Accountant

Joined SGS in 2004

Previous responsibilities

2004 – 2010: Group Financial Controller

Other work experience

2001 – 2004: Deloitte, Geneva

1997 – 2001: KPMG, London

OLIVIER MERKT (1962)

Swiss

General Counsel & Chief Compliance Officer

Doctorate in Law, admitted to the bar in Switzerland

Joined SGS in 2001

Previous responsibilities

2006 – 2008: VP, Corporate Development

2001 – 2006: Senior Counsel

Other work experience

1993 – 2001: Senior Manager Legal, Ernst & Young, Geneva

TEYMUR ABASOV (1972)

Azeri

COO, Eastern Europe & Middle East

Degree in Electrical Engineering

Joined SGS in 1994

Previous responsibilities

2006 – 2007: Managing Director, Kazakhstan & Caspian Sub-Region

2004 – 2006: Managing Director, Azerbaijan and Georgia

2003 – 2004: Managing Director, Georgia

2001 – 2003: Operations Manager, Oil Gas & Chemicals Services, Azerbaijan

MICHAEL BELTON (1960)

British

EVP, Minerals Services

BSc Chemistry

Joined SGS in 2002

Previous responsibilities

2005 – 2007: Managing Director, Minerals Services, North America

2002 – 2005: Vice President, Global Non-Ferrous Minerals Services

Other work experience

1995 – 2002: EVP, Alfred H. Knight North America Ltd.

DOMINIQUE BEN DHAOU (1965)

Swiss

SVP, Human Resources

Degree in Hotel Industry Management

Joined SGS in 2001

Previous responsibilities

2008 – 2010: Vice President, Human Resources

2003 – 2005: additional role as Africa Regional Human Resources Manager

2003 – 2008: Assistant Vice President Human Resources

2001 – 2003: International Compensation & Benefits and HQ HR Manager

Other work experience

International Human Resources positions:

2000 – 2001: Firmenich

1999 – 2000: Novartis Consumer Health

1991 – 1998: Levi Strauss

JEAN-LUC DE BUMAN (1953)

Swiss

SVP, Corporate Communications, Investor Relations & Corporate Development

Legal studies

Joined SGS in 1998

Other work experience

1978 – 1998: Country Head Switzerland, Sales Fixed Income, UBS

HELMUT CHIK (1966)

Chinese

COO, China & Hong Kong

Master in Business Administration

Joined SGS in 1991

Previous responsibilities

2003: Managing Director, Hong Kong

2002: Global Business Manager, Softline, Consumer Testing Services

2000 – 2001: Director Greater China, SBU Softline, Consumer Testing Services

1999: Director, Hong Kong, Consumer Testing Services

OLIVIER COPPEY (1972)

Swiss

EVP, Agricultural Services (since February 2013)

MSc Economics

Joined SGS in 1994

Previous responsibilities

2009 – 2012: Vice President Seed & Crop, Agricultural Services

2006 – 2008: Vice President North America, Agricultural Services, USA

1994 – 2006: Managerial positions, Agricultural Services, Switzerland/India/Cameroon

PAULINE EARL (1961)

British

COO, Western Europe

BSc in Food Science

Joined SGS in 1995

Previous responsibilities

2007 – 2010: Managing Director, United Kingdom

2004 – 2007: SSC Business Manager, United Kingdom

ALEJANDRO GOMEZ DE LA TORRE (1959)

Peruvian

COO, South America

Degree in Business Administration, Postgraduate Specialisation in International Commerce

Joined SGS in 1986

Previous responsibilities

1996 – 2001: National Chief Executive, Peru and Manager Central Sub-Region, Latin America (1998 – 2001)

ANTHONY HALL (1963)

Australian

COO, South Eastern Asia & Pacific

Chemist, laboratory technician

Joined SGS in 2001

Previous responsibilities

2007 – 2009: Managing Director, Australia

2005 – 2006: National Business Manager Australia, OGC, Industrial and Automotive

1997 – 2005: General Manager Environmental Services, Redback Drilling Tools, Expertest OGC Services Australia, Gearhart United Australia

ANNE HAYS (1959)

French

EVP, Life Science Services

PhD in Pharmacy

Joined SGS in 1984

Previous responsibilities

2008 – 2010: Vice President Business Development R&D QC, Life Science Services

2001 – 2007: Global Sales QC, Life Science Services

1992 – 2000: General Manager, Laboratory Simon, France

DIRK HELLEMANS (1958)

Belgian

COO, Northern and Central Europe

Degree in Chemical Engineering and Master in Business Administration

Joined SGS in 1988

Previous responsibilities

2002 – 2004: COO, Central & North West Europe

1997 – 2002: Managing Director, Belgium

FRÉDÉRIC HERREN (1955)

Swiss

EVP, Governments & Institutions Services

COO, Africa

Master in Economics

Initially joined SGS in 1986, rejoined in 1999

Previous responsibilities

2003 – 2006: EVP, Automotive Services

1999 – 2003: Head of Global Marketing, Trade Assurance Services (now Governments & Institutions Services)

Other work experience

1995 – 1998: CEO, Unilabs International

THOMAS KLUKAS (1965)

German

EVP, Automotive Services

PhD Engineering Science

Joined SGS in 2005

Previous responsibilities

2008 – 2010: VP Automotive Services

2005 – 2008: Automotive Services Regional Manager, North America

Other work experience

Manager DEKRA AG Stuttgart and Atlanta

FRANCOIS MARTI (1968)

Swiss

EVP Systems & Services Certification

SVP, Strategic Transformation

Degree in International Relations

Initially joined SGS in 2003, rejoined in 2011

Previous responsibilities

2003 – 2005: VP Continuous Improvement

Other work experience

2005 – 2011: CEO Fiat Services
Senior Manager PWC and IBM

JEFFREY MCDONALD (1964)

Australian

COO, North America

Postgraduate Diploma in Education

Joined SGS in 1995

Previous responsibilities

2004 – 2007: EVP, Systems & Services Certification

2003: Global Project Manager, Systems & Services Certification

1995 – 2003: Systems & Services Certification, South Eastern Asia & Pacific, Regional Manager (Bangkok)

FRANKIE NG (1966)

Swiss/Chinese

EVP, Industrial Services

BA in Economics and Electronics Engineering

Joined SGS in 1994

Previous responsibilities

2005 – 2011 EVP, Consumer Testing Services

2002 – 2004: Managing Director, US Testing

2000 – 2002: Director, Consumer Testing Services, China and Global Hardlines

1997 – 2000: Operations Manager, Consumer Testing Services, China

LADISLAV PAPIK (1953)

Slovak

COO, Southern Central Europe (since February 2013)

Engineering degree in Metallurgy

Joined SGS in 1992

Previous responsibilities

2006 to date: Managing Director, Hungary

1998 to date: Managing Director, Slovakia

1993 – 1998: Systems & Services Manager, Slovak Republic

1992: Lead Auditor, Systems & Services, Czechoslovak Republic

PETER POSSEMIERS (1962)

Australian & Belgian

EVP, Environmental Services (since February 2013)

BSc Chemistry and Microbiology

Joined SGS in 1983

Previous responsibilities

2007 – 2012: Global Sales, OGC

2005 – 2007: Managing Director, Korea

2003 – 2005: OGC Business Development Manager Asia Pacific, China

2001 – 2003: OGC Business Development Manager Asia Pacific, Australia

1998 – 2000: OGC Manager, Singapore

MALCOLM REID (1963)

British

EVP, Consumer Testing Services

BSc Chemistry

Joined SGS in 1987

Previous responsibilities

2008 – 2011: EVP Systems & Services Certification

2005 – 2007: Managing Director, Australia

2000 – 2005: Managing Director, Thailand

1997 – 2000: Managing Director, Philippines

ALIM SAIDOV (1964)

Azeri

EVP, Oil, Gas & Chemicals Services and Environmental Services

PhD in Science

Joined SGS in 1993

Previous responsibilities

2005 – 2007: COO, Eastern Europe & Middle East

2004: COO, North America and Managing Director, Canada

2001 – 2004: Managing Director, Kazakhstan & Manager Caspian Region

DENNIS YANG (1949)

Taiwanese

COO, East Asia

Master in Business Administration

Joined SGS in 1975

Previous responsibilities

2000 – 2002: Managing Director, Taiwan

1992 – 2000: Assistant General Manager, Taiwan

Additional information, including biographical details can be found on the Company's website: http://www.sgs.com/en/Our-Company/About-SGS/Board-and-Executive-Management/Operations-Council.aspx.

4.2. OTHER ACTIVITIES AND FUNCTIONS

The following list presents all material activities in governing and supervisory boards, management positions and consultancy functions, official tenures and political positions held by each member of the Operations Council outside the Group, both in Switzerland and abroad.

CHRISTOPHER KIRK

Compass Limited, Hamilton, Bermuda, Member of the Board since 2011

Geneva Trading & Shipping Association (GTSA), Member of the Executive Board since 2006

JEAN-LUC DE BUMAN

Association pour le Développement des Compétences Bancaires, Geneva (CH), Member of the Board since 1999

Hyposwiss Private Bank Genève SA, Geneva (CH), Member of the Board since 2006

Federal Accreditation Commission, Bern (CH), Member since 2012

ALEJANDRO GOMEZ DE LA TORRE

Swiss-Peruvian Chamber of Commerce, Lima (Peru), Director

THOMAS KLUKAS

CITA, International Motor Vehicle Inspection Committee, Brussels (BE), Member of the Bureau Permanent since 2011

FRANÇOIS MARTI

Member of the Board of IIOC (Independent International Organisation for Certification) since 2012

4.3. MANAGEMENT CONTRACTS

The Company is not party to any management contract delegating management tasks to companies or individuals outside the Group.

5

COMPENSATION, SHAREHOLDINGS AND LOANS

This section of the Corporate Governance Report serves as the Company's remuneration report.

In accordance with the recommendations of the Swiss Code of Best Practice for Corporate Governance in this matter, this section of the Report will be subject to a consultative vote at the next Annual General Meeting of Shareholders.

5.1. COMPANY'S REMUNERATION POLICIES

The Company's remuneration policies are defined by the Board of Directors. The objectives of these policies are twofold: a) to attract and retain the best talent available in the industry; and b) to motivate employees and managers to create and protect value for shareholders by generating long-term sustainable financial achievements.

The Board of Directors is responsible for determining the remuneration of the Chairman and the directors. It also decides on the remuneration and terms of employment of the Chief Executive Officer, based upon the recommendations of the Nomination and Remuneration Committee. It additionally determines the financial targets upon which the variable element of the remuneration of the Operations Council and other Group senior executives is based, and defines the conditions of all share option plans (including Long Term Incentive (LTI) plans) as well as the allocation of such options and the conditions of their granting, vesting and exercise. All general executive remuneration policies, including the criteria and weighting of financial targets relevant to the assessment of the variable element of executive remuneration, are approved by the Board of Directors.

The Board of Directors is assisted in its work by a Nomination and Remuneration Committee (the Committee), which consists of independent non-executive Directors. The Committee acts in part in an advisory capacity to the Board, and in part as a decision-making body on matters that the Board has delegated to the Committee. The Committee reviews regularly, at least once a year, the compensation of each member of the Operations Council (other than the Chief Executive Officer), and decides on all matters relating to the remuneration of these executives.

The Chairman of the Board is not allowed to participate in discussions and decisions on his own compensation. General executive remuneration policies, including the implementation of long term incentive plans, are decided by the Board, on the recommendation of the Committee.

The following Directors served on the Nomination and Remuneration Committee in 2013:

- Sergio Marchionne (Chairman)
- August von Finck
- John Elkann (until July 2013
- Ian Gallienne (since July 2013)

The following chart summarises the authorisation levels for the main decisions relating to compensation of Board and Operations Council Members.

SUBJECT MATTER	RECOMMENDATION	DECISION
Compensation of Board Members	Committee [1]	Board of Directors
Compensation of Chairman	Committee [1]	Board of Directors
Remuneration of CEO	Committee [1]	Board of Directors
Remuneration of other Operations Council Members	CEO	Committee [1]
Issuance of Long Term Incentive Plans	Committee [1]	Board of Directors
Setting of annual financial targets for variable remuneration of Operations Council Members	CEO	Board of Directors
Issuance of Annual Share Options Plans	CEO	Committee [1]

1. Nomination and Remuneration Committee.

When reviewing and deciding on executive remuneration policies, the Committee and the Board have access to Group Human Resources staff and may use third party consultants specialising in compensation matters. In 2013, neither the Committee nor the Board had recourse to such external advisors.

Benchmark

A global business in a broad range of sectors, SGS's business success is driven by the commitment and engagement of its key employees. Our compensation policy must take account of both global and local practices, whilst allowing for individual variations. We therefore compare our practices with those of other, similar organisations.

The Group performs periodic benchmarks against companies which satisfy the following criteria

- All SMI listed companies
- Internationally active companies within and outside Switzerland which operate in one or more of the industry sectors in which SGS is active, including the energy, mining, industrial, chemical, medical goods, pharmaceutical, durable and non-durable goods, and food sectors, such as Alstom, GlencoreXstrata, Siemens, DuPont, Baxter, Actelion, Schindler, Amcor
- Competitors in the testing, inspection and certification industry, such as Bureau Veritas, Intertek, DNV, TÜV.

Elements of executive remuneration benchmarked include annual base salary, allowances, short-term and long-term incentive compensation, and benefits as set out elsewhere.

To arrive at these benchmarks we use proprietary job sizing methodology in order to obtain publicly and commercially available information. Since nearly half of our Operations Council members are based outside Switzerland, we utilise information published by reputable data providers, including Mercer and Towers Watson, who are able to supply information on both a local and a global basis.

Compensation Principles

a) Board of Directors

The members of the Board of Directors are entitled to a fixed annual Board Membership fee and additional annual fees for participation in Board Committees. Board members do not receive additional compensation for attending meetings. With the exception of the Chairman, Board members do not receive any variable remuneration, options or shares.

The Chairman receives a fixed annual fee and additional fixed fees for chairing the Board Committees. He also receives share options issued by the Company under its annual and long term incentive plans. The conditions of grant, vesting and exercise of options awarded to the Chairman are the same as those applicable to the members of the Operations Council. The Board decides the number of such options on the basis of an assessment of the Company's finance performance and the Chairman's personal contribution. The Chairman does not receive any variable cash remuneration.

b) Operations Council

The remuneration earned by the Chief Executive Officer and by members of the Operations Council comprises: (i) a fixed base salary including benefits; (ii) an annual performance bonus, settled in part in cash and in part by way of options with deferred vesting, granted under annual share options plan; and (iii) long term incentive plan(s). The Company considers that payment of variable remuneration in the form of equity linked instruments whose vesting and exercise is deferred is a key mechanism to align management's incentives to the interests of shareholders.

Employment Contracts

Directors do not hold service contracts and are not entitled to any termination or severance payments. They do not participate in the Company's share option plans (except for the Chairman) or other benefit schemes and the Company does not make any pension contributions on their behalf.

Employment contracts of Operations Council members have no fixed term and can be terminated at any time by either party, provided a standard notice period (six months) is respected. The Chief Executive Officer's employment contract provides for a severance payment equivalent to two years' total remuneration payable in the event that the employment contract is terminated or constructively terminated (including in the event of a change of control) by the Company, other than for cause. No severance payment is due if the employment relationship is terminated in any other circumstance. No other executive contract provides for any material change of control protection.

The table below summarises the various components of the compensation of Operations Council members, including the Chief Executive Officer:

COMPENSATION ELEMENT	COMPENSATION VEHICLE	DRIVERS	PERFORMANCE MEASURES	PURPOSE
Base Salary	Monthly cash salary	Position and experience, market practice	Market practice, executive benchmark of international companies in relevant markets	Attract and retain key executives
Annual Bonus	50% cash / 50% allocation of stock options, with deferred vesting and blocking periods	Achievement of annual business and financial objectives	Financial targets: (i) Group Net Profit After Tax and Adjusted Operating Income for the Group as a whole, for regional or business units; (ii) measures of Economic Value Added; and (iii) Earnings Per Share (EPS)	Pay for performance
Discretionary Bonus	Cash	Rewarding individual achievements or exceptional performance	Discretionary allocations do not exceed 10% of Operations Council overall remuneration	Attract and retain key executives, recognise individual performance
Long Term Incentives	Stock options award, with vesting conditional upon achieving the Group objectives	Achievement of long-term strategic plans stated by the Group	Earnings Per Share targets	Align executive compensation with interests of shareholders

Base salary

The base salaries of the Chief Executive Officer and of each Operations Council member are reviewed annually on the basis of market data for similar positions in those companies and geographies against which the Group benchmarks itself.

In addition to individual performance and contribution, business performance and results, the deciding body takes into account the scope and complexity of the areas of responsibility of the position, skill sets and experience, and relevant market practice in the industry.

Additional employment benefits such as allowances or memberships may be awarded in accordance with prevailing practice in the locations of employment of individual Operations Council members. Retirement benefits are set out elsewhere in this Report.

Geneva based Operations Council members participate, on the same basis as other Swiss employees of the Group, in the Company's pension scheme. In view of the increased life expectancy and challenges brought about by investment volatility, the defined benefit scheme and the defined contribution scheme have been merged into one unique defined contribution scheme, effective 1 May 2013. This enables better risk sharing, cost savings on administration and asset management fees. The new scheme also brings our employees more transparency and equality of treatment. New features have been introduced to provide them with more flexibility in their retirement benefit through a modern and competitive plan.

Employees contribute 8% of their base salary and the Company contributes an amount equal to one and a half times the contributions paid by all employees to the scheme. Employees have the possibility to increase their contribution rate by 2% above the standard rate. More flexibility have also been granted to employees who wish to fund a potential retirement before the normal age, or for those who wish to continue working after the age of 65.

Annual bonus

In addition to the base salary, members of the Operations Council (including the Chief Executive Officer) are entitled to a performance-related annual bonus. For this purpose, the Company defines annual targets at the beginning of the year for the Chief Executive Officer and for each Operations Council member. Relevant targets for the calculation of the Annual Bonus of the CEO are based on the Group Earnings Per Share (EPS). For the heads of corporate functions (SVPs) targets are based 100% on the Group Net Profit After Tax. For EVPs, the relevant targets relate for 50% to the Adjusted Operating Income of their respective business and for 50% to the Group Net Profit After Tax. For COOs, the relevant targets are for 62.5% their respective region's Adjusted Operating Income and Economic Value Added and for 37.5% the Group Net Profit After Tax. Bonuses are assessed and awarded to the Operations Council members on the basis of the actual performance against the predefined targets.

If targets are achieved they trigger the entitlement to an annual incentive bonus. Once the amount of a bonus is determined, it is settled 50% in cash and 50% in options. The cash component of the bonus is payable immediately. The economic value of the options which is used to convert a bonus entitlement into a number of options is fixed by the Company on the basis of a calculation of the value of the options at grant, taking into account a discount for the three years blocking period during which the options cannot be traded or exercised. The share options are granted immediately, but they vest rateably in three equal instalments over a period of three years and are only exercisable in the fourth and fifth year after grant. Unvested options are subject to forfeiture if the beneficiary leaves the Group for reasons other than retirement, disability or death.

For this purpose, the Company issues Annual Share Option plans, in the form of traded warrants which are listed on the Swiss Stock Exchange. These warrants incorporate a right to buy shares in the Company at a predetermined fixed price through the grant of traded options. The strike price is determined for each plan on the basis of the average trading price of the Company's shares in the last three months prior to the year of grant.

These Annual Share Option plans serve (i) to pay part of the annual performance bonuses to Members of the Operations Council; (ii) to allocate options to the Chairman; and (iii) to be awarded as an incentive to other selected employees of the Group. All beneficiaries receive these options under the same conditions of vesting and exercise.

The table below summarises the components of the annual performance targets and how these components are weighted, depending on the function of the respective Operations Council member:

Annual bonus formula

	EARNINGS PER SHARE *(EPS)*	**PERFORMANCE OF THE GROUP** *(Net Profit After Tax)*	**BUSINESS PERFORMANCE** *(Adjusted Operating Income of the relevant business)*	**REGIONAL PERFORMANCE** *(Adjusted Operating Income and Economic Value Added of the relevant region)*
CEO	100%	-	-	-
SVPs (heads of corporate functions)	-	100%	-	-
EVPs	-	50%	50%	-
COOs	-	37.5%	-	62.5%

Discretionary bonus

In addition to the performance-related Annual Bonus which is structured to take account of quantitative performance targets, the Board of Directors and the Compensation Committee may also grant individual Operations Council members a discretionary bonus, based on qualitative individual performance.

Discretionary bonuses are granted at the same time as the Annual Bonus and are awarded on an exceptional basis to reward outstanding personal achievement, recognising extraordinary achievement in developing and integrating new business and cross-business improvements.

The total of discretionary bonuses does not exceed 10% of the Operations Council's overall remuneration costs.

For 2013, a total of CHF 1 210 000 in discretionary bonuses was awarded to Operations Council members.

Long Term Incentive Plans

In addition to the annual bonus, the Group periodically sets Long Term Incentive (LTI) Plans. Such plans are designed to motivate the leadership team to achieve the long-term stated objectives of the Group. They consist of options granted to a selected number of senior executives of the Group, the vesting of which is conditional upon: (1) the Group achieving or exceeding stated earnings per share targets; and (2) the beneficiary being employed by the Group on the vesting date.

In 2011, the Company introduced a long term incentive plan (the 2011 LTI Plan) for which vesting is conditional upon the Group achieving or exceeding in 2014 EPS targets ranging from CHF 115 (minimum performance allowing a partial vesting of 50% of options granted under the Plan) to CHF 140 (full vesting of options granted under the Plan). In 2013, the Board of Directors reviewed these EPS targets and decided to introduce a normalisation in order to exclude material distortions caused by foreign exchange fluctuations, the issuance of corporate bonds and the adoption of new accounting standards since the inception of the LTI plan.

The 2011 LTI Plan involved the granting of options to acquire shares of the Company at a strike price of CHF 1 617. Such options are in the form of traded warrants, with 100 warrants required to purchase one share. The Group originally set aside 9 000 000 such warrants for this incentive plan. This plan is designed to motivate the leadership team to achieve the long-term stated objective by 2014.

Full details of this long term incentive plan are provided in note 31 to the Group consolidated financial statements (pages 97 to 99 of the Annual Report). In 2013, no new Long Term Incentive Plan was introduced by the Group and no additional options were granted to members of the Operations Council in 2013 under the existing 2011 LTI Plan.

The following table shows the strike price, the vesting period and the exercisable period of the options[1] granted to the Chairman of the Board and to the members of the Operations Council under each plan. It includes options granted in January 2014 with respect to performance and financial results in 2013:

I Annual Share Option Plans

TYPE OF OPTIONS (Year of issue)	STRIKE PRICE (CHF)[2]	VESTING DATE 1/3 OF OPTIONS GRANTED	VESTING DATE 1/3 OF OPTIONS GRANTED	VESTING DATE 1/3 OF OPTIONS GRANTED	PERIOD OF EXERCISE
SGSOP (2010)	1 339	01.2010	07.2011	01.2013	01.2013 - 01.2015
SGSMF (2011)	1 617	01.2011	07.2012	01.2014	01.2014 - 01.2016
SGSKF (2012)	1 497	01.2012	07.2013	01.2015	01.2015 - 01.2017
SGSWS (2013)	2 013	01.2013	07.2014	01.2016	01.2016 - 01.2018
SGSPF (2014)[3]	2 059	01.2014	07.2015	01.2017	01.2017 - 01.2019
II Long Term Incentive Plan					
SGSMF-2011 LTI (2011)				01.2015[4]	01.2015 - 01.2016

1. One hundred options give the right to acquire one share.

2. Before adjustment for capital reductions and special dividends.

3. Granted in 2014 in settlement of 2013 annual variable remuneration.

4. Vesting conditional on minimum EPS target reached in 2014.

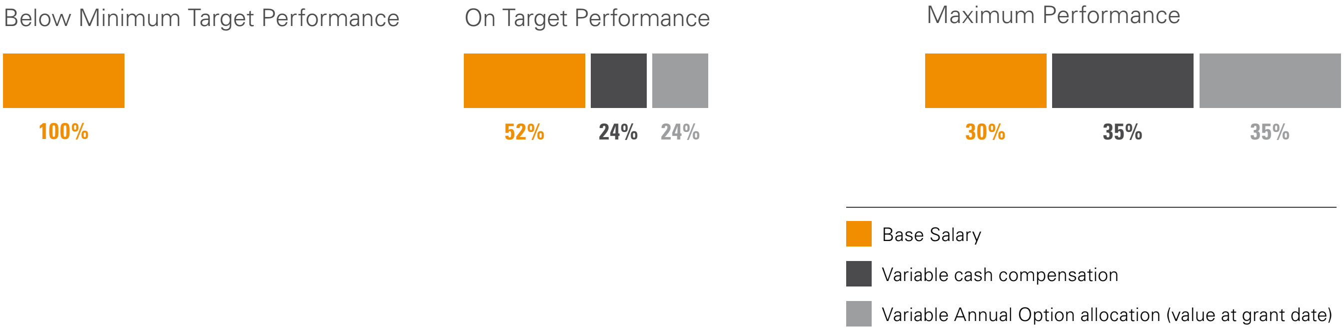
RELATIONSHIP BETWEEN ANNUAL VARIABLE COMPENSATION AND BASE SALARY

The portion of fixed and variable remuneration, as a percentage of the total remuneration in any given year, depends on the extent to which pre-defined targets and objectives have been achieved. Assuming achievement of targets, the annual variable component of the Operations Council members' remuneration (annual bonus including cash and options award), expressed as a percentage of their respective annual remuneration ranges between 32% and 48% of their total annual compensation.

If targets are exceeded, annual bonuses are increased on a multiplier basis with a maximum payout which could correspond to a range between 54% and 70% of their respective total annual compensation.

In the event of underperformance against targets, the bonus is rateably reduced on a multiplier basis, so that no bonus is paid in the event that a pre-established minimum target is not achieved.

TOTAL COMPENSATION (EXCLUDING LONG TERM INCENTIVE PLANS) FOR THE CHIEF EXECUTIVE OFFICER



In 2013, the variable cash element of the Chief Executive Officer's compensation represented 26% of the total compensation (2012: 32%) and the allocation of options represented 31% of the total compensation (2012: 7%).

For the Operations Council as a whole, the variable cash element of the compensation in 2013 amounted to 24% of the total compensation (2012: 25%) and the allocation of options represented 18% of the total compensation (2012: 18%).

Total compensation includes the guaranteed part (base salary) and the variable part of the compensation. It excludes fringe and social benefits.

5.2. COMPENSATION FOR MEMBERS OF GOVERNING BODIES

The bonus settled in options is disclosed as part of the compensation for the year to which it relates (and not for the year it was approved).

5.2.1. Board of Directors

In 2013, the annual board membership fee was CHF 150 thousand for all board members, unchanged from the prior year. Members of the Board serving on a Committee were entitled to an additional fee of CHF 30 thousand per committee, unchanged from last year.

The annual fee payable to the Chairman was CHF 300 thousand, unchanged from the prior year.

The Chairman was awarded, by decision of the Board of Directors 75 000 options under the 2014 Annual Share Options Plan in consideration of the 2013 annual performances (2012: 40 000 SGSWS options under the 2013 Annual Share Options Plan). The conditions of vesting and exercise of these options are the same as those granted to the management under these plans.

The following chart details the fees, other cash benefits and share options granted to each of the Directors for their tenure in 2013 and 2012:

(CHF thousand)	BOARD FEE	COMMITTEE FEE	OTHER BENEFITS	TOTAL CASH COMPENSATION 2013	SHARE OPTIONS	TOTAL 2013 COMPENSATION (INCLUDING OPTIONS)	TOTAL 2012 COMPENSATION (INCLUDING OPTIONS)
S. Marchionne	300	90	25	415	189 [1]	604 [1]	504 [1]
T.R. Brandolini d'Adda [3]	75	15	–	90	–	90 [2]	180 [2]
P. Desmarais [3]	75	-	–	75	–	75	-
J. Elkann [3]	75	15	–	90	–	90 [2]	180 [2]
A. von Finck	150	30	–	180	–	180	180
A.F. von Finck	150	30	–	180	–	180	180
I. Gallienne [3]	75	15	–	90	–	90	-
C. Grupp	150	-	–	150	–	150	150
P. Kalantzis	150	30	–	180	–	180	180
G. Lamarche [3]	75	15	–	90	–	90	-
S.R. du Pasquier	150	30	–	180	–	180	180
TOTAL	**1 425**	**270**	**25**	**1 720**	**189**	**1 909**	**1 734**

1. 75 000 SGSPF granted in January 2014 in relation to the 2013 financial results (2012: 40 000 SGSWS: CHF 89 thousand granted for the 2012 financial results).

2. Board and committees fees for T.R. Brandolini d'Adda and J. Elkann have been paid to Exor Investissements SA, Luxembourg.

3. 2013 fees paid prorata temporis.

The following table shows the details of the options[1] granted to the Chairman of the Board under each Annual Share Option Plans and Long Term Incentive Plans:

TYPE OF OPTIONS (YEAR OF ISSUE) (CHF)	STRIKE PRICE [2] (CHF)	TOTAL NUMBER OF OPTIONS GRANTED UNDER EACH PLAN	MARKET VALUE AT GRANT (THOUSAND)	NUMBER VESTED ON 31 DECEMBER 2013
SGSGU (2009)	1 064	96 619	238	96 619
SGSOP (2010)	1 339	50 000	155	50 000
SGSMF (2011)	1 617	50 000	142	33 332
SGSKF (2012)	1 497	50 000	133	33 333
SGSWS (2013)	2 013	40 000	89	13 334
SGSPF (2014) [3]	2 059	75 000	189	-
SGSMF-2011 LTI (2011) [4]	1 617	200 000	570	-

1. One hundred options give the right to acquire one share.

2. Before adjustment for capital reductions and special dividends.

3. Granted in 2014 on the basis of 2013 financial results.

4. Vesting conditional on minimum EPS target reached in 2014.

5.2.2. Compensation to the Operations Council, Senior Management and Chief Executive Officer

This section sets out the global remuneration which was paid to the Operations Council as a whole, to the three Operations Council members who make up Senior Management and to the Chief Executive Officer during 2013. All amounts disclosed in this section include cash bonuses payable and options granted in January 2014 with respect to performance in 2013 and the related financial results.

5.2.2.1. Cash compensation

(CHF thousand)	**2013**	**2012**
To the Operations Council (including Senior Management)	CHF 12 245	CHF 12 140
To Senior Management (including Chief Executive Officer)	CHF 2 582	CHF 2 509
To the Chief Executive Officer	CHF 1 672	CHF 1 545

The total cash compensation paid to the Operations Council excludes severance payments (see section 5.2.2.5.). Post employment benefits of CHF 1 298 thousand are not included (2012: CHF 1 567 thousand).

5.2.2.2. Share options

Annual Share Options Plans

In settlement of 2013 annual bonus entitlements, a total of 926 061 SGSPF options (2012: 1 057 102 SGSWS options granted in January 2013) were granted to the Operations Council (including Senior Management) in January 2014 on the basis of 2013 results.

Such SGS options grant the right to acquire shares of SGS at a strike price of CHF 2 059 (100 options give the right to acquire one share). They vest in tranches of one-third in 2014, 2015 and 2017 and are subject to a blocking period ending in January 2017. All options granted to the Operations Council on the basis of the 2013 results had a fair value at grant of CHF 2 335 thousand (2012: CHF 2 357 thousand).

The Senior Management was awarded a total of 354 020 SGSPF options granted in January 2014 (2012: 163 223 SGSWS options granted in January 2013). This number includes 282 818 SGSPF options (2012: 48 577 SGSWS options granted in January 2013) awarded to the Chief Executive Officer.

Long Term Options Plan

Under the 2011 LTI Plan, a total of 4 320 000 SGSMF-2011 LTI options were granted to the Operations Council members as at 31 December 2013 (including Senior Management) in 2011. The vesting of such options in January 2015 is conditional upon the Group achieving or exceeding EPS targets ranging between CHF 115 (minimum performance allowing a partial vesting under the Plan) and CHF 140 (full vesting of options granted under the Plan) in 2014. In 2013, the Board of Directors reviewed these EPS targets and decided to introduce a normalisation in order to exclude material distortions caused by foreign exchange fluctuations, the issuance of corporate bonds and the adoption of new accounting standards since the inception of the LTI plan. If targets defined by the plan are not reached, they will be forfeited.

The Senior Management was awarded a total of 1 120 000 SGSMF-2011 LTI options under the 2011 LTI Plan. This number includes 800 000 options awarded to the Chief Executive Officer.

The following table presents details of the share options awarded to members of the Operations Council, Senior Management and the CEO, and shows those options which have been granted, vested and/or became exercisable in 2013. It includes options granted in January 2014 with respect to performance and financial results in 2013.

In 2013, no new Long Term Incentive Plan was introduced by the Group and no additional options were granted to members of the Operations Council in 2013 under the existing 2011 LTI Plan.

This table relates to the individuals who were members of the Operations Council as at 31 December 2013:

TYPE OF OPTIONS [1] (YEAR OF ISSUE)	STRIKE PRICE (CHF) [2]	TOTAL NUMBER OF OPTIONS GRANTED UNDER EACH PLAN	MARKET VALUE AT GRANT (THOUSAND)	NUMBER VESTED ON 31 DECEMBER 2013
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT AND CHIEF EXECUTIVE OFFICER)				
SGSOP (2010)	1 339	594 741	1 844	594 741
SGSMF (2011)	1 617	872 389	2 486	581 593
SGSKF (2012)	1 497	986 587	2 624	657 725
SGSWS (2013)	2 013	1 036 765	2 312	345 588
SGSPF (2014) [3]	2 059	926 061	2 335	-
SGSMF-2011 LTI [4]	1 617	4 320 000	12 312	-
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)				
SGSOP (2010)	1 339	92 803	288	92 803
SGSMF (2011)	1 617	246 769	703	164 512
SGSKF (2012)	1 497	282 863	752	188 575
SGSWS (2013)	2 013	163 223	364	54 408
SGSPF (2014) [3]	2 059	354 020	893	-
SGSMF-2011 LTI [4]	1 617	1 120 000	3 192	-
CHIEF EXECUTIVE OFFICER				
SGSOP (2010)	1 339	42 647	132	42 647
SGSMF (2011)	1 617	174 920	499	116 614
SGSKF (2012)	1 497	180 225	479	120 150
SGSWS (2013)	2 013	48 577	108	16 192
SGSPF (2014) [3]	2 059	282 818	713	-
SGSMF-2011 LTI [4]	1 617	800 000	2 280	-

1. One hundred options give the right to acquire one share.
2. Before adjustment for capital reductions and special dividends.
3. Granted in 2014 in settlement of 2013 bonus entitlements.
4. Vesting conditional on minimum EPS target reached in 2014.

5.2.2.3. Total compensation to the Operations Council, Senior Management and Chief Executive Officer

The table below presents all components of the remuneration earned in 2013 by the Operations Council, by the Senior Management and by the Chief Executive Officer. It does not take into account the potential value of options granted in 2011 under the 2011 Long Term Incentive Plan, whose vesting in 2015 is conditional upon the Group achieving minimum normalised EPS targets in 2014.

(CHF thousand)	BASE SALARY	CONTRIBUTION TO PENSION BENEFITS	OTHER EMPLOYMENT BENEFITS	ANNUAL CASH BONUS	ANNUAL GRANT OF SHARE OPTIONS	DISCRETIONARY CASH BONUS	TOTAL 2013 COMPENSATION (INCLUDING OPTIONS)	TOTAL 2012 COMPENSATION (INCLUDING OPTIONS)
To the Operations Council (including Senior Management)	7 737	1 298	1 291	2 007	2 335	1 210	15 878	14 498 [1]
To Senior Management (including Chief Executive Officer)	1 679	332	92	751	893	60	3 807	2 872 [1]
To the Chief Executive Officer	1 000	178	72	600	713	-	2 563	1 652 [1]

1. 2012 figures did not include contribution to pension benefits.

5.2.2.4. Highest total compensation

In the year under review, the highest compensation paid by the Group was awarded to the CEO (see 5.2.2.3).

5.2.2.5. Severance payments

In 2013, an amount of CHF 150 thousand was recognised as severance payments to Operations Council members (2012: CHF 626 thousand).

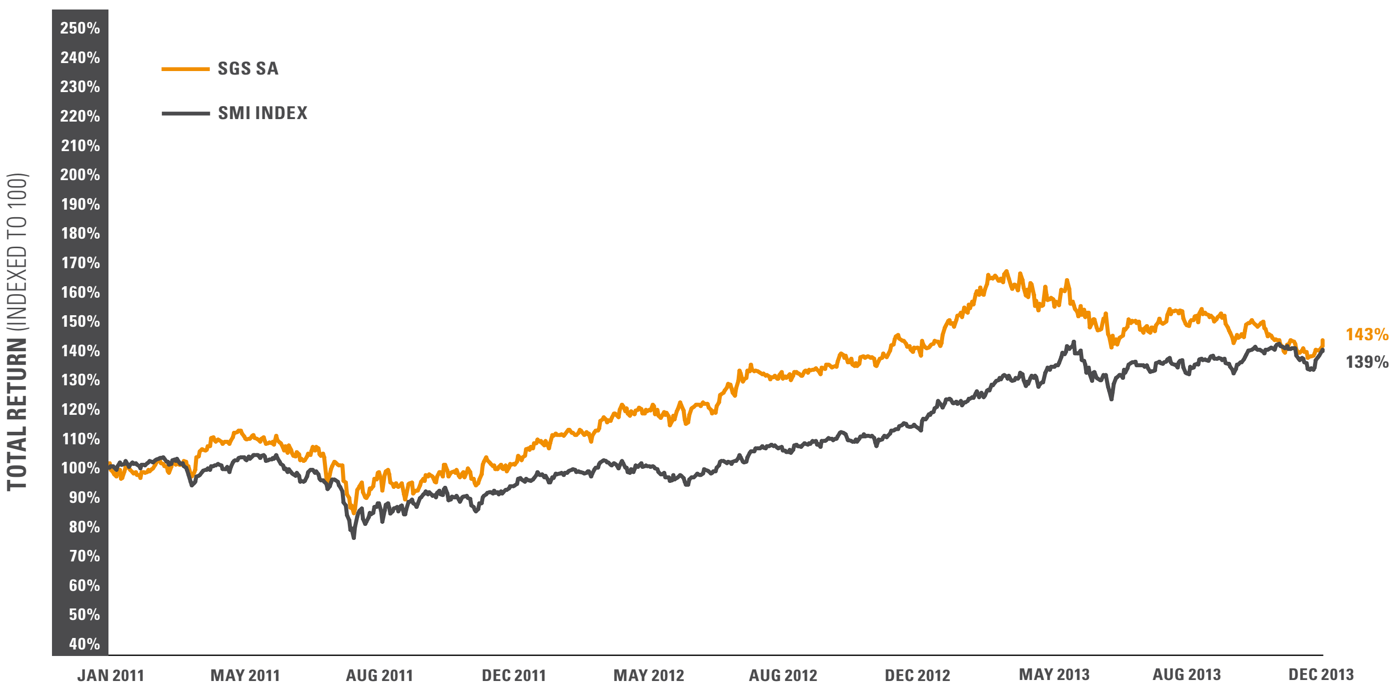
5.2.2.6. Loans to members of governing bodies

As at 31 December 2013, no loan, credit or outstanding advance was due to the Group from members of its governing bodies (unchanged from prior year).

5.2.3. Company's Performance

The following graph compares the TSR (Total Shareholder Return) of the Company with the TSR of the Swiss Market Index (SMI) for the three year period 2011 to 2013. The company measures its performance against the SMI index because this index tracks the performance of large companies based in Switzerland, which are also active internationally.

Comparison of relative returns between SGS and the SMI index, assuming that SGS dividends are re-invested to purchase additional equity at the closing price on the date of payment of dividends for the period 1 January 2011 to 31 December 2013 is as follow:



6

SHAREHOLDERS' PARTICIPATION RIGHTS

All registered shareholders receive a copy of the half year and full year results upon the publication of such results by the Company. They can request a copy of the Company's Annual Report and are personally invited to attend the Annual General Meeting of Shareholders.

6.1. VOTING RIGHTS AND REPRESENTATION RESTRICTIONS

All registered shareholders can attend the General Meetings of Shareholders and exercise their right to vote.
A shareholder may also elect to grant power of attorney to an independent proxy appointed by the Company, to a bank or a regulated financial intermediary or to any other registered shareholder. There are no voting restrictions, subject to the exclusion of nominee shareholders representing undisclosed principals, as detailed in section 2.6.

6.2. STATUTORY QUORUMS

The General Meeting of Shareholders can validly deliberate regardless of the number of shares represented at the meeting.

Resolutions are adopted by the absolute majority of votes cast. If a second ballot is necessary, a relative majority is sufficient. In addition to the specific provisions of Swiss company law, the following resolutions require a majority of two thirds of votes cast ("Special Majority"):

- Increase in share capital
- Election and removal of a member of the Board of Directors
- Changes in the maximum number of Members of the Board of Directors
- Amendment of the requirement for a Special Majority

6.3. CONVOCATION OF GENERAL MEETINGS OF SHAREHOLDERS

The rules regarding the convocation of General Meetings of Shareholders are in accordance with Swiss company law.

6.4. AGENDA

The Agenda of the General Meeting of Shareholders is issued by the Board of Directors. Shareholders representing shares with a minimum par value of CHF 50 thousand may request the inclusion of an item on the agenda of the General Meetings, provided that such a request reaches the Company at least 40 days prior to the General Meeting.

6.5. REGISTRATION IN THE SHARE REGISTER

The Company does not impose any deadline for registering shares prior to a General Meeting. However, a technical notice of two business days is required to process the registration.

7

CHANGE OF CONTROL AND DEFENCE MEASURES

No restriction on changes in control is included in the Company's Articles of Association.

7.1. DUTY TO MAKE AN OFFER

In the absence of any specific rules in the Company's Articles of Association, any investor or group of investors acquiring more than 33.3% of the shares and voting rights of the Company has the duty to make a public offer in compliance with the applicable Swiss takeover rules.

7.2. CLAUSES ON CHANGE OF CONTROL

There are no general plans or standard agreements offering specific protection to Board Members, Senior Management or employees of the Group in the event of a change of control, subject to the standard rules regarding termination of employment.

The employment contract of the Chief Executive Officer includes specific provisions which may trigger a severance payment of two years remuneration and the immediate vesting of options granted in the event there is a change of control in the Company. No other executive contract provides for any material change of control protection.

8

AUDITORS

8.1. DURATION OF THE MANDATE AND TERM OF OFFICE

Following a competitive process in 2000, Deloitte SA was appointed auditor of the Company and of the SGS Group by the Annual General Meeting of Shareholders upon recommendation of the Board of Directors. The auditors of the Company are subject to re-election at the Annual General Meeting every year.

The current lead auditor, James Baird, has acted in this capacity since 2012. He assumed this position after agreement by the Company's Audit Committee.

8.2. AUDIT FEES

Total audit fees paid to Deloitte for the audit of the Company and the Group financial statements in 2013 amounted to CHF 6.1 million (2012: CHF 5.8 million).

8.3. ADDITIONAL FEES

An aggregate amount of CHF 1.1 million (2012 CHF 1.1 million) was paid to Deloitte for other professional services, unrelated to the statutory audit activity. This amount includes CHF 0.6 million (2012: CHF 0.6 million) for tax compliance services and CHF 0.5 million (2012: CHF 0.5 million) for non-statutory reporting and assurance services.

8.4. SUPERVISORY AND CONTROL INSTRUMENTS VIS-A-VIS THE AUDITORS

The Audit Committee is responsible for evaluating the external auditor on behalf of the Board of Directors, and conducts assessments of the audit services provided to the Group during its regular meetings. It meets with the auditor at least three times per year, including private sessions without the presence of management. The duties of the committee include consideration of the audit plan, regular assessment of the performance of the auditor and approval of audit fees on the basis of the amount of work required in order to perform the audit. The auditor regularly presents his findings, both during the deliberations of the Audit Committee and in written reports, to the attention of the Board of Directors which summarise key findings.

The Group strives to safeguard and support the independence of the auditor by avoiding conflicts of interests.

In applying this policy, the attribution of other consultancy assignments is carefully reviewed to ensure that such assignments do not endanger the auditor's independence.

9

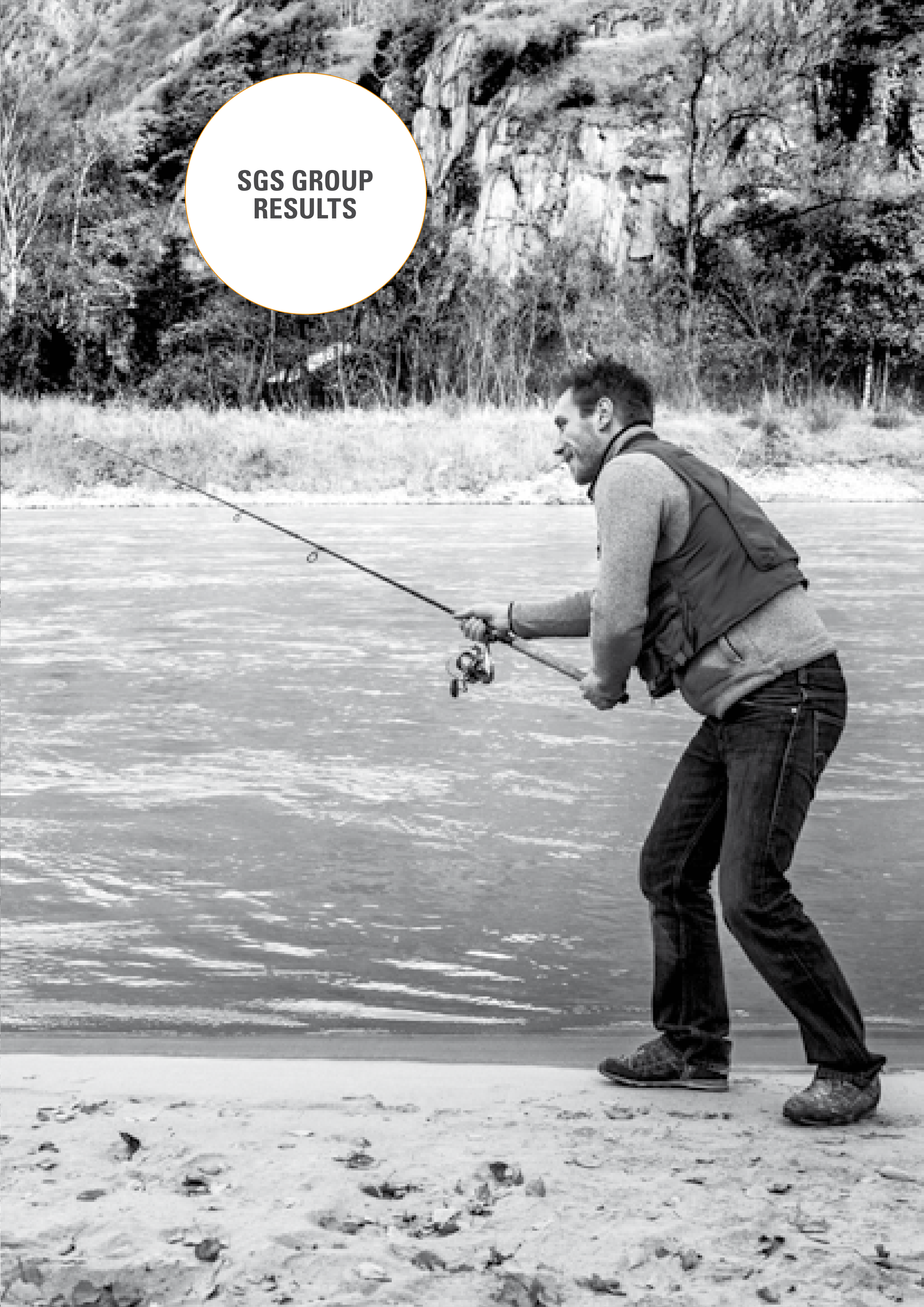
INFORMATION POLICY

The policy of the Group is to provide individual and institutional investors, directly or through financial analysts, business journalists or investment consultants (financial community) and the employees with financial and business information in a consistent, broad, timely and transparent manner. The Group website has a section fully dedicated to Investor Relations, http://www.sgs.com/en/Our-Company/Investor-Relations/At-a-Glance.aspx where all financial information and presentations are available. This includes an updated version of the Articles of Association, current information on Share Buy-Back programmes and minutes of shareholders' meetings. SGS meets regularly with institutional investors, holds results presentations, road shows, presentations at broker-sponsored country or industry conferences as well as one-on-one meetings.

The Group publishes consolidated half year unaudited and yearly audited results in print and on-line formats. These documents are sent to each registered shareholder and are available in English (binding version) and in French. The Annual Report is published in English (binding version) and in French and is available upon order or on the Internet. The current list of publication dates is available on the Internet.

The Group acknowledges the Directives on the Independence of Financial Research issued by the Swiss Bankers Association, particularly articles 26 and 29-32. In addition, the Group complies with rules regarding information and reporting of the Federal Act on Stock Exchange and Securities Trading, and the Ordinance on Stock Exchanges and Securities Trading.

SGS GROUP RESULTS



CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER

(CHF million)	NOTES	2013	2012[1]
REVENUE		**5 830**	**5 569**
Salaries and wages		(2 871)	(2 733)
Subcontractors' expenses		(357)	(338)
Depreciation, amortisation and impairment	10 & 12	(298)	(280)
Other operating expenses	5	(1 392)	(1 384)
OPERATING INCOME (EBIT)		**912**	**834**
Analysis of operating income			
Adjusted operating income		977	931
Restructuring costs		(33)	(68)
Amortisation of acquisition intangibles		(20)	(17)
Transaction and integration-related costs		(12)	(12)
Operating income		**912**	**834**
Financial income	6	18	17
Financial expenses	7	(56)	(58)
PROFIT BEFORE TAXES		**874**	**793**
Taxes	8	(236)	(214)
PROFIT FOR THE YEAR		**638**	**579**
Profit attributable to:			
Equity holders of SGS SA		600	545
Non-controlling interests		38	34
BASIC EARNINGS PER SHARE (IN CHF)	9	**78.43**	**71.52**
DILUTED EARNINGS PER SHARE (IN CHF)	9	**77.84**	**71.06**
DIVIDENDS PER SHARE (IN CHF)		**65.00**[2]	**58.00**

1. Restated figures as a result of changes in accounting standards (see Note 2).

2. As proposed by the Board of Directors.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER

(CHF million)	2013	2012[1]
Actuarial gains/(losses) on defined benefits plans	71	(38)
Income tax on actuarial gains/(losses) taken directly to equity	(23)	11
Items that will not be subsequently reclassified to income statement	**48**	**(27)**
Exchange differences and other[2]	(132)	(48)
Items that will be subsequently reclassified to income statement	**(132)**	**(48)**
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**(84)**	**(75)**
Profit for the year	638	579
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**554**	**504**
Attributable to:		
Equity holders of SGS SA	516	472
Non-controlling interests	38	32

1. Restated figures as a result of changes in accounting standards (see Note 2).

2. In 2013, exchange differences included net exchange losses of CHF 32 million on long-term loans treated as net investment in a foreign entity according to International Accounting Standard (IAS) 21 (2012: losses of CHF 8 million).

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER (BEFORE APPROPRIATION OF AVAILABLE RETAINED EARNINGS)

(CHF million)	NOTES	2013	2012[1]
ASSETS			
NON-CURRENT ASSETS			
Land, buildings and equipment	10	1 029	1 015
Goodwill	11	1 009	959
Other intangible assets	12	207	213
Investments in associated and other companies		18	17
Deferred tax assets	8	173	224
Other non-current assets	13	42	42
TOTAL NON-CURRENT ASSETS		**2 478**	**2 470**
CURRENT ASSETS			
Unbilled revenues and inventories	14	330	302
Trade accounts and notes receivable	15	952	977
Other receivables and prepayments	16	306	255
Marketable securities	17	9	17
Cash and cash equivalents	18	964	970
TOTAL CURRENT ASSETS		**2 561**	**2 521**
TOTAL ASSETS		**5 039**	**4 991**
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	22	8	8
Reserves		2 314	2 228
Treasury shares	22	(179)	(176)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA		**2 143**	**2 060**
Non-controlling interests		69	58
TOTAL EQUITY		**2 212**	**2 118**
NON-CURRENT LIABILITIES			
Loans and obligations under finance leases	23	1 293	1 305
Deferred tax liabilities	8	66	72
Retirement benefit obligations	24	94	176
Provisions	25	96	97
TOTAL NON-CURRENT LIABILITIES		**1 549**	**1 650**
CURRENT LIABILITIES			
Loans and obligations under finance leases	23	15	17
Trade and other payables	26	502	492
Provisions	25	18	23
Current tax liabilities		142	103
Other creditors and accruals	27	601	588
TOTAL CURRENT LIABILITIES		**1 278**	**1 223**
TOTAL LIABILITIES		**2 827**	**2 873**
TOTAL EQUITY AND LIABILITIES		**5 039**	**4 991**

1. Restated figures as a result of changes in accounting standards (see Note 2).

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER

(CHF million)	NOTES	2013	2012[1]
Profit for the year		638	579
Non-cash items	19	552	501
(Increase) in working capital	19	(29)	(73)
Taxes paid		(213)	(209)
CASH FLOW FROM OPERATING ACTIVITIES		**948**	**798**
Purchase of land, buildings, equipment and other intangible assets	10 & 12	(357)	(386)
Acquisition of businesses	3 & 19	(108)	(182)
(Increase)/decrease in other non-current assets		(4)	-
Decrease/(increase) in marketable securities		8	(9)
Interest and dividends received		12	10
Sales of land, buildings and equipment		24	10
CASH FLOW FROM INVESTING ACTIVITIES		**(425)**	**(557)**
Dividends paid to equity holders of SGS SA		(444)	(497)
Dividends paid to non-controlling interests		(27)	(24)
Cash received on treasury shares		42	88
Cash (paid) on treasury shares		(38)	(12)
Interest paid		(46)	(46)
Net flows related to Interest Rate Swaps		2	37
Increase/(decrease) in borrowings		(5)	(12)
CASH FLOW FROM FINANCING ACTIVITIES		**(516)**	**(466)**
Currency translation		(13)	(5)
(DECREASE) IN CASH AND CASH EQUIVALENTS		**(6)**	**(230)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**970**	**1 200**
(Decrease) in cash and cash equivalents		(6)	(230)
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	**964**	**970**

1. Restated figures as a result of changes in accounting standards (see Note 2).

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(CHF million)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVE	CUMULATIVE TRANSLATION ADJUSTMENTS	CUMULATIVE GAINS/(LOSSES) ON DEFINED BENEFIT PLANS[2]	RETAINED EARNINGS AND GROUP RESERVES	ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA	ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE AT 1 JANUARY 2012 RESTATED[1]	**8**	**(232)**	**92**	**(580)**	**(154)**	**2 861**	**1 995**	**50**	**2 045**
Profit for the year	-	-	-	-	-	545	545	34	579
Other comprehensive income for the year	-	-	-	(46)	(27)	-	(73)	(2)	(75)
Total comprehensive income for the year	-	-	-	(46)	(27)	545	472	32	504
Dividends paid	-	-	-	-	-	(497)[3]	(497)	(24)	(521)
Share-based payments	-	-	14	-	-	-	14	-	14
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-
Movement on treasury shares	-	56	-	-	-	20	76	-	76
BALANCE AS AT 31 DECEMBER 2012 RESTATED[1]	**8**	**(176)**	**106**	**(626)**	**(181)**	**2 929**	**2 060**	**58**	**2 118**
BALANCE AT 1 JANUARY 2013	**8**	**(176)**	**106**	**(626)**	**(181)**	**2 929**	**2 060**	**58**	**2 118**
Profit for the year	-	-	-	-	-	600	600	38	638
Other comprehensive income for the year	-	-	-	(132)	48	-	(84)	-	(84)
Total comprehensive income for the year	-	-	-	(132)	48	600	516	38	554
Dividends paid	-	-	-	-	-	(444)[3]	(444)	(27)	(471)
Share-based payments	-	-	5	-	-	-	5	-	5
Movement in non-controlling interests	-	-	-	-	-	2	2	-	2
Movement on treasury shares	-	(3)	-	-	-	7	4	-	4
BALANCE AS AT 31 DECEMBER 2013	**8**	**(179)**	**111**	**(758)**	**(133)**	**3 094**	**2 143**	**69**	**2 212**

1. Restated figures as a result of changes in accounting standards (see Note 2).

2. Net of tax.

3. The amounts available for dividends are based on the SGS SA's statutory standalone shareholders' equity determined in accordance with the legal provisions of the Swiss Code of Obligations.

NOTES

1

ACTIVITIES OF THE GROUP

SGS SA and its subsidiaries (the "Group") operate around the world under the name SGS. The head office of the Group is located in Geneva, Switzerland.

SGS is the global leader and innovator in inspection, verification, testing and certification services supporting international trade in agriculture, minerals, petroleum and consumer products. It also provides these services to governments, international institutions and to customers engaged in the industrial, environmental and life science sectors.

2

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group are stated in millions of Swiss Francs. They are prepared from the financial statements of the individual companies within the Group with all significant companies having a year-end of 31 December 2013. The consolidated financial statements comply with the accounting and reporting requirements of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting conventions and accounting policies are the same as those applied in the 2012 consolidated financial statements, except for the Group's adoption of new IFRS effective 1 January 2013.

The financial statements are prepared on an accrual basis and under the historical cost convention, modified as required for the revaluation of certain financial instruments.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted the following Standards and Interpretations:

- IAS 19 (amended) Employee benefits:

In the current year, the Group applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (amended) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the interest cost and expected return on plan assets used in the previous version of IAS 19, and are replaced with net interest expenses under IAS 19 amended, which are calculated by applying the discount rate to the net defined liability or asset. This change had an impact on the figures recognised in the income statement and other comprehensive income in prior years. In addition, IAS 19 amended introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Due to this amendment, the 2012 figures were restated. In this regard, the salaries and wages increased by CHF 9 million and the financial expenses by CHF 6 million, the taxes decreased by CHF 4 million, the actuarial gains/(losses) on defined benefits plans decreased by CHF 15 million and the income tax on actuarial gains/(losses) decreased by CHF 4 million, the non-cash items in the cash flow statement increased by CHF 11 million and the opening balance of the cumulative remeasurement gains/losses on defined benefit in equity decreased by CHF 89 million. The notes to the financial statements were accordingly restated. All the other balances in the 2012 primary statements remain unchanged from last year annual report.

The impact of this restatement is not material and therefore the Group considers that it is not necessary to present a third balance sheet.

- Package of five:
  - IAS 27 (revised) Separate financial statements
  - IAS 28 (revised) Investments in associates and joint ventures
  - IFRS 10 Consolidated financial statements
  - IFRS 11 Joint arrangements

    Joint ventures previously recognised using proportional consolidation are now recognised using the equity method. The 2012 figures were restated. These changes decreased the 2012 revenues by CHF 9 million and decreased the expenses by CHF 9 million. Assets and liabilities decreased by CHF 3 million, the cash flow from operating activities decreased by CHF 2 million and the cash flow from investing activities increased by CHF 2 million.
  - IFRS 12 Disclosures of interests in other entities

The Group additionally adopted:

- IFRS 7 (amendment) Disclosures – Offsetting financial assets and financial liabilities
- IFRS 13 Fair value measurement
- IAS 1 (amendment) Presentation of financial statements – Presentation of items of other comprehensive income

The application of these changes had no material impact on consolidated balance sheet and on the consolidated income statement but extended specific disclosures.

At the date of authorisation of these financial statements, the following Standards and Interpretations were issued, but not yet effective:

- IAS 32 (amendment) Financial Instruments Presentation – Offsetting financial assets and financial liabilities
- IFRS 9 Financial Instruments
- Amendments to IFRS 10, IFRS 12, IAS 27: Investment entities
- Amendments to IAS 39 Financial Instruments – Novation of derivatives and continuation of hedge accounting
- IAS 36 (amendment) Impairment of Assets – Recoverable amount disclosures for non-financial assets
- IFRIC 21 Levies
- IFRS 14 Regulatory Deferral Accounts

The Directors anticipate that the adoption of these new standards and interpretations will have no material impact on the consolidated financial statements.

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has right, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The principal operating companies of the Group are listed on pages 128 to 131.

Associates

Associates are entities over which the Group has significant influence, but no control or joint control over the financial and operating policies. The consolidated financial statements include the Group's share of the earnings of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The consolidated financial statements include the Group's share of the earnings of associates on an equity accounting basis, from the date that joint control commences until the date that joint control ceases.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and the liabilities. When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

Investments in companies not accounted for as subsidiaries, associates or jointly controlled entities

Investments in companies not accounted for as subsidiaries, associates or jointly controlled entities (normally below 20% shareholding levels) are stated at cost less any provision for impairment. The fair value of these investments cannot be reliably measured. Dividends received from these investments are included in financial income.

Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognised in the income statement.

Consolidation of foreign companies

All assets and liabilities of foreign companies that are consolidated are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rate for the year. Translation differences resulting from the application of this method are classified as equity until the disposal of the investment.

Average exchange rates are used to translate the cash flows of foreign subsidiaries in preparing the consolidated statement of cash flows.

SEGMENT INFORMATION

The Group reports its operations by business segment, according to the nature of the services provided.

The Group operates in ten business segments. The Chief Operating Decision Maker evaluates segment performance and allocates resources based on several factors, of which revenue, adjusted operating income and return on capital are the main criteria.

For the Group, the Chief Operating Decision Maker is the Senior Management composed of: the Chief Executive Officer, the Chief Financial Officer and the General Counsel.

All segment revenues reported are from external customers. Segment revenue and operating income are attributed to countries based on the location in which the services are rendered.

Segment assets and liabilities comprise all assets and all liabilities held by the Group's operating affiliates after elimination of inter-company balances.

Capital additions represent the total cost incurred to acquire land, buildings and equipment as well as other intangible assets.

Depreciation and amortisation of segment assets include depreciation of buildings and equipment as well as other intangible assets. Impairment of segment assets includes impairment related to land, buildings and equipment, goodwill and other intangible assets when incurred.

LAND, BUILDINGS AND EQUIPMENT

Land is stated at historical cost and is not depreciated. Buildings and equipment are stated at historical cost less accumulated depreciation. Subsequent expenditures are capitalised only if they increase the future economic benefits embodied in the related item of property and equipment. All other expenditures are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings 12 – 40 years
- Machinery and equipment 3 – 10 years
- Other tangible assets 3 – 10 years

LEASES

Assets acquired under finance lease agreements, which provide the Group with substantially all the risks and rewards of ownership, are capitalised at fair value or, if lower, at amounts equivalent to the estimated present value of the underlying minimum lease payments. The corresponding liabilities are included in long- and short-term loans. These leased assets are depreciated over the lease period or their estimated useful lives, whichever is shorter.

Leases where the lessor retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Operating lease expenditures are expensed on a straight-line basis over the lease terms.

GOODWILL

In the case of acquisitions of businesses, the acquired identifiable assets, liabilities and contingent liabilities are recorded at fair value. The difference between the purchase price and the fair value is classified as goodwill and recorded in the balance sheet as an intangible asset.

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected amounts recognised at that date.

Goodwill arising on the acquisition of a foreign entity is recorded in the relevant foreign currency and is translated using the end of period exchange rate.

On disposal of part or all of a business which was previously acquired and which gave rise to the recording of acquisition goodwill, the relevant amount of residual goodwill is included in the determination of the gain or loss on disposal.

Goodwill and other intangible assets with indefinite useful lives acquired as part of business combinations are tested for possible impairment annually and whenever events or changes in circumstances indicate their value may not be fully recoverable.

For the purpose of impairment testing, the Group has adopted a uniform method for assessing goodwill and other intangibles recognised under the acquisition method of accounting. These assets are allocated to the cash generating unit (CGU) or group of CGUs that are expected to benefit from the business combination. The recoverable amount of a CGU is determined through a value-in-use calculation. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices or direct costs during the period. Pre-tax discount rates used are based on the Group's weighted average cost of capital, adjusted for specific risks associated with the CGU's cash flow projections. The growth rates are based on industry growth forecasts.

Expected changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For all CGUs, a value-in-use calculation is performed using cash flow projections covering the next 10 years. The cash flows for the first five years take into account the most recent financial results and outlook approved by management, while the subsequent five years are extrapolated based on the estimated long-term growth rate for the relevant activity.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Even if the initial accounting for an intangible asset acquired in the reporting period is only provisional, this asset is tested for impairment.

OTHER INTANGIBLE ASSETS

Intangible assets, including software, licences, trademarks and customer relationships are capitalised and amortised on a straight-line basis over their estimated useful lives, normally not exceeding 20 years. Indefinite life intangible assets are not amortised but are subject to an annual impairment test. The following useful lives are used in the calculation of amortisation:

- Trademarks 5 – 20 years
- Customer relationships 5 – 20 years
- Computer software 1 – 4 years

Other intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if their fair value can be measured reliably. Internally generated intangible assets are recognised if the asset created can be identified, it is probable that future economic benefits will be generated from it, the related development costs can be measured reliably and sufficient financial resources are available to complete the development. These assets are amortised on a straight-line basis over their useful lives, which usually do not exceed four years. All other development costs are expensed as incurred.

IMPAIRMENT OF ASSETS EXCLUDING GOODWILL

At each balance sheet date or whenever there is an indication that an asset may be impaired, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether they have suffered an impairment loss.

If indications of impairment are present, the assets are tested for impairment. If impaired, the carrying value of the asset is reduced to its recoverable value. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount of an asset is the greater of the net realisable value and its value-in-use. In assessing its value-in-use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

REVERSAL OF IMPAIRMENT LOSSES

Where an impairment loss on assets other than goodwill subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognised. A reversal of an impairment loss is recognised as income immediately.

UNBILLED REVENUES AND INVENTORIES

Completed but unbilled services are recorded at net selling prices.

Work-in-progress is measured at the lower of the costs incurred in providing the service and its ultimate invoice price less costs to complete.

Inventories are recorded at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs to complete and costs to be incurred in selling and distribution.

RECEIVABLES

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

MARKETABLE SECURITIES

Marketable securities are recorded in the balance sheet at fair value. Movements in the fair value of marketable securities held for trading are reported in the income statement as financial income/expenses. For marketable securities designated as being available for sale, the movements in fair value are recorded as a component of shareholders' equity and recognised in the income statement at the time of disposal. Marketable securities designated as available for sale are those that are not classified as at fair value through profit and loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, deposits held with banks and investments in money market instruments with an original maturity of three months or less. Bank overdrafts are included within current loans.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives are accounted for on a mark-to-market basis.

Derivative financial instruments are initially recognised at fair value and subsequently re-measured at fair value at each balance sheet date. The gains and losses resulting from the fair value re-measurement are recognised in the income statement.

The fair value of forward exchange contracts is determined with reference to market prices at the balance sheet date.

The Group designates and documents certain derivatives as hedging instruments against changes in fair value of recognised liabilities. The effectiveness of such hedges is assessed at inception and verified at regular intervals, at least each semester, using prospective and retrospective testing.

CORPORATE BONDS

The corporate bonds issued by the Group are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Group uses fair value hedges to mitigate interest rate risks relating to its corporate bonds. The changes in fair value of hedging instruments are recognised in the income statement.

EMPLOYEE BENEFITS

Pension plans

The Group maintains several defined benefit and defined contribution pension plans in accordance with local conditions and practices in the countries in which it operates. Defined benefit pension plans are based on an employee's years of service and remuneration earned during a pre-determined period. Contributions to these plans are normally paid into funds which are managed independently of the Group, except in rare cases where there is no legal obligation to fund. In such cases, the liability is recorded in the Group's consolidated balance sheet.

The Group's obligations towards defined benefit pension plans and the annual cost recognised in the income statement is determined by independent actuaries using the projected unit credit method. Remeasurement gains and losses are immediately recognised in the consolidated balance sheet with the corresponding movement being recorded in the consolidated statement of comprehensive income.

Past service costs are immediately recognised as an expense. Payments to defined contribution plans are recognised as an expense in the income statement as incurred. Net interest expense is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Post-employment plans other than pensions

The Group operates some post-employment defined benefit schemes, mainly healthcare plans. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension plans.

Equity compensation plans

The Group provides additional benefits to certain senior executives and employees through equity compensation plans (see note 31). An expense is recognised in the income statement for shares and options granted to senior executives and employees under these plans.

TRADE PAYABLES

Trade payables are recognised at nominal value that approximates the fair value.

PROVISIONS

The Group records provisions when: it has an obligation, legal or constructive, to satisfy a claim; it is probable that an outflow of Group resources will be required to satisfy the obligation; and a reliable estimate of the amount can be made.

In the case of litigation and claims relating to services rendered, the amount that is ultimately recorded is the result of a complex process of assessment of a number of variables, and relies on management's informed judgement about the circumstances surrounding the past provision of services. It also relies on expert legal advice and actuarial assessments. Changes in estimates are reflected in the income statement in the period in which the change occurs.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenues represent fees for services rendered to third parties after the deduction of discounts and are recognised when the service has been completed. In certain circumstances, revenue is recognised in proportion to the stage of completion, normally determined by reference to costs incurred to date in comparison with the total estimated costs of the transaction at the balance sheet date. No margin is recognised on work-in-progress. Completed, but unbilled, services are recorded at net selling prices.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

RESTRUCTURING COSTS

The Group recognises costs of restructuring against operating income in the period in which management has committed to a formal plan, the costs of which can be reliably estimated, and has raised a valid expectation in those affected that the plan will be implemented and the related costs incurred. Where appropriate, restructuring costs include impairment charges arising from implementation of the formal plan.

CAPITAL MANAGEMENT

Capital comprises equity attributable to equity holders, loans and obligations under finance leases and cash and cash equivalents.

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board also recommends the level of dividends to be distributed to ordinary shareholders on an annual basis.

The Group maintains sufficient liquidity at the Group and subsidiary level to meet its working capital requirements, fund capital purchases and small and medium-sized acquisitions.

Cash and cash equivalents as well as loans and obligations under finance leases are disclosed in notes 18 and 23.

In 2012, the Group initiated a new Share Buy-Back programme for a total of CHF 250 million, valid from 12 March 2012 to 31 December 2014.

Treasury shares are intended primarily to be used to cover the Group's employee share option programmes and/or convertible bonds that may be issued. Decisions to buy or sell are made on an individual transaction basis by management.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

TAXES

Income taxes include all taxes based upon the taxable profits of the Group including withholding taxes payable on the transfer of income from Group companies and tax adjustments from prior years. Taxes on income are recognised in the income statement except to the extent that they relate to items directly charged or credited to equity or other comprehensive income, in which case the related income tax effect is recognised in equity or other comprehensive income. Provisions of income and withholding taxes that could arise on the remittance of subsidiary retained earnings are only made where there is a current intention to remit such earnings. Other taxes not based on income, such as property taxes and capital taxes, are included within operating expenses.

Deferred taxes are provided using the full liability method. They are calculated on all temporary differences that arise between the tax base of an asset or liability and the carrying values in the consolidated financial statements except for non tax-deductible goodwill and for those differences related to investments in subsidiaries where their reversal will not take place in the foreseeable future. Deferred income tax assets relating to the carry-forward of unused tax losses and tax credits are recognised to the extent that it is probable that future profits be available against which they can be utilised.

Current income tax assets and liabilities are offset when the income taxes are levied by the same taxing authority and where there is a legally enforceable right of offset. Deferred tax assets and liabilities are determined based on enacted or substantively enacted tax rates in the respective jurisdictions in which the Group operates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares. For diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming conversion of all potential dilutive shares. Group profit is also adjusted to reflect the after-tax impact of conversion.

DIVIDENDS

Dividends are reported as a movement in equity in the period in which they are approved by the shareholders.

TREASURY SHARES

Treasury shares are reported as a deduction to equity. The original cost of treasury shares and the proceeds of any subsequent sale are recorded as movements in equity.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the entity's accounting policies described above, management has made the following judgements that have a significant effect on the amounts recognised in the financial statements.

Legal and warranty claims on services rendered

The Group is subject to litigation and other claims as described in note 25.

Management bases its judgements on the circumstances relating to each specific event, internal and external legal advice, knowledge of the industries and markets, prevailing commercial terms and legal precedent and evaluation of the insurance cover where appropriate. The Group's legal and warranty claims are reviewed, at a minimum, on a quarterly basis by a cross-functional representation of management.

Use of estimates

The key assumptions concerning the future, and other key sources of estimation at the balance sheet date that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

Recoverability of trade accounts and notes receivable

Trade accounts and notes receivable are reflected net of an estimated allowance for doubtful accounts (see note 15). These allowances for potential uncollectible amounts are estimated based primarily on the Group's ageing policy guidelines, individual client analysis and an analysis of the underlying risk profile of each major revenue stream by business and geography.

Impairment of goodwill

The Group determines whether goodwill is impaired at a minimum on an annual basis. This requires an estimation of the value-in-use of the CGUs to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU that holds the goodwill at a determined discount rate in order to calculate the present value of those cash flows.

Estimations of employee post-employment benefits obligations

The Group maintains several defined benefit pension plans in accordance with local conditions and practices in the countries in which it operates. The related obligations recognised in the balance sheet represent the present value of the defined benefit obligations calculated annually by independent actuaries. These actuarial valuations include assumptions such as discount rates, salary progression rates and mortality rates. These actuarial assumptions vary according to the local prevailing economic and social conditions. Details of the assumptions used are provided in note 24.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due, including estimated interest and penalties where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

RISK ASSESSMENT

Disclosures on the Group's risk assessment process as required by Swiss law are presented in the notes to the accounts of SGS SA on page 106 of this report.

The most significant currencies for the Group were translated at the following exchange rates into Swiss Francs:

			YEAR-END RATES		ANNUAL AVERAGE RATES	
			2013	2012	2013	2012
Australia	AUD	100	79.57	94.79	89.85	97.12
Brazil	BRL	100	37.85	44.65	43.20	48.19
Canada	CAD	100	83.98	91.74	90.09	93.84
Chile	CLP	100	0.17	0.19	0.19	0.19
China	CNY	100	14.70	14.64	15.08	14.87
Eurozone	EUR	100	122.76	120.90	123.09	120.55
United Kindgom	GBP	100	146.93	147.10	145.01	148.63
Hong Kong	HKD	100	11.50	11.77	11.95	12.09
India	INR	100	1.44	1.67	1.59	1.76
Taiwan	TWD	100	2.98	3.14	3.12	3.17
USA	USD	100	89.20	91.24	92.72	93.80

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BUSINESS COMBINATIONS AND OTHER SIGNIFICANT TRANSACTIONS

The following business combinations and other significant transactions occurred during 2013 and 2012:

ACQUISITIONS 2013

In 2013, the Group completed 12 acquisitions for a total purchase price of CHF 118 million (note 20).

Enger Engenharia S.A.

Effective 1 May 2013, SGS acquired, for a purchase price of CHF 32 million, 100% of Enger Engerharia SA, headquarted in Sao Paulo, Brazil. The consulting engineering company serves the infrastructure & building market, performing project supervision and management as well as technical consultancy.

Other

In 2013, other acquisitions included:

- 100% of RDFI Group, which operates vehicle inspection test stations in France (effective 1 February 2013);
- 100% of Umweltanalytik RUK GmbH, Germany, a provider of biogas, stack and fugitive emission testing services (effective 1 February 2013);
- 100% of Grupo Labmat, based in Sao Paulo state, Brazil. Grupo Labmat serves many markets in providing materials testing, welding and engineering services as well as metallurgy project inspections (effective 1 March 2013);
- 100% of Time Mining Group in South Africa, a supplier of process plant design, project management, but also commissioning and optimisation services for minerals processing plants (effective 1 April 2013);
- 100% of MSi Testing & Engineering Inc., a US-based laboratory in the fields of Metallurgical Testing and Failure Analysis (effective 1 April 2013);
- 100% of Civil Quality Assurance Pty. Ltd., Australia, a geotechnical and environmental consultancy and testing business (effective 1 June 2013);
- 100% of Qingdao Yuanshun Automotive Services Ltd., in Qingdao, China, a vehicle inspection company of the Shandong province, China (effective 1 June 2013);
- 100% of MIS Environmental Ltd., a laboratory offering a vast spectrum of experience in asbestos, environmental and health and safety testing and consultancy services, based in Consett, United Kingdom (effective 1 September 2013);
- 100% of MIS Testing Ltd., a mechanical and material testing laboratory, based in Consett, United Kingdom (effective 1 September 2013);
- 100% of Industrial Valve Engineering limited, based in Tokoroa, New Zealand, a industrial valve testing & certification provider (effective 1 November 2013);
- The business of Hart Aviation, based in Melbourne, Australia, a provider of aviation audit and advisory services to specifically mitigate aviation risks (effective 1 November 2013).

These companies were acquired for a purchase price of CHF 86 million and the total goodwill generated on these transactions amounted to CHF 57 million (note 20).

Total

All the above acquisitions contributed in total CHF 65 million in revenues and CHF 11 million in operating income during the year for the Group. Had all acquisitions been effective 1 January 2013, the Group revenues for the period would have been increased by CHF 42 million and the Group operating income for the period would have been increased by CHF 7 million. None of the goodwill arising on acquisitions is expected to be tax deductible.

DIVESTMENTS 2013

There were no significant disposals in 2013.

ACQUISITIONS 2012

In 2012, the Group completed 18 acquisitions for a total purchase price of CHF 203 million.

CIMM Tecnologías y Servicios S.A. (CIMM T&S)

Effective 6 January 2012, SGS acquired, for a purchase price of CHF 37 million, 100% of CIMM Tecnologías y Servicios S.A. (CIMM T&S), a leading provider of technical services to the mining industry in Chile. The accounting for the business combination is completed and the values of the identifiable assets and liabilities reflect the final amounts. Goodwill on acquisition amounted to CHF 19 million.

Other

In 2012, other acquisitions included:

- 100% of Roplex Engineering Ltd., a UK-based company specialising in engineering support and test services for vapour recovery systems (effective 1 February 2012);
- 100% of Estudios Técnicos SA, (ETSA), a leading engineering project supervision and management company based in Bogota, Colombia (effective 15 March 2012);
- 100% of Metlab (Pty) Ltd., an independant metallurgical testing in laboratory in Boksburg, South Africa, (effective 1 April 2012);
- 100% of Environ Cientifica Ltda, a leading Occupational Health and Industrial Hygiene (OIH) laboratory based in Sao Paulo, Brazil (effective 1 April 2012);
- 100% of Analytical Perspectives of North Carolina, LCC, a laboratory specialised in the ultra-trace analysis of various persistent organic pollutants (POPs) based in Wilmington, USA (effective 1 April 2012);
- 100% of Vitrology Limited, an organisation specialising in biosafety testing for the pharmaceutical industry, based in Glasgow, UK (effective 18 May 2012);

- 75% of Gravena Pesquisa, conultoria e Treinamento Agricola Ltda (Gravena), a leading field trial contract research service provider in Brazil, based in Sao Paolo, Brazil (effective 1 July 2012);
- 100% of Exprimo NV, a Belgium-based life science consultancy company, based in Mechelon, Belgium (effective 1 July 2012);
- 100% of Sercovam, a test laboratories group based in Etupes and Cestas, France (effective 1 July 2012);
- 100% of Gladstone Testing Lab, a well established construction material testing business based in Gladstone (Queensland), Australia (effective 1 August 2012);
- 100% of the Ludwig Group, a material and metallurgical testing laboratory, based in Calgary and Edmonton (Alberta), Canada (effective 1 September 2012);
- 100% of Australian Radiation Services Pty. Ltd. (ARS), a provider of radiation calibration, monitoring, testing and consulting, based in Melbourne, Australia (effective 1 October 2012);
- 100% of Sentinel Services (Proprietary) Limited, a provider of Non-Destructive Testing (NDT) services and consulting, based in Johannesburg, South Africa (effective 1 October 2012);
- 100% of EMICS Ltd., (effective 1 August 2011), an independent UKAS (United Kingdom Accreditation Service) calibration laboratory, based in Nottingham, UK (effective 1 November 2012);
- 100% of Ware Care Group, a provider of Integrated Pest Management services (IPM) and fumigation services, based in Beuningen, The Netherlands (effective 1 November 2012);
- 100% of E&S Engineering Solutions Inc. a company specialised in the development of mineral processing facilities for the mining industry in Tucson (Arizona), USA (effective 31 December 2012);
- 100% of Herguth Laboratories, Inc. a state-of-the-art petroleum and lubricant testing laboratory in Vallejo (California), USA (effective 31 December 2012).

These companies were acquired for a purchase price of CHF 166 million and the total goodwill generated on these transactions amounted to CHF 120 million.

Total

All the above acquisitions contributed in total CHF 151 million in revenues and CHF 18 million in operating income during the year for the Group. Had all acquisitions been effective 1 January 2012, the Group revenues for the period would have been increased by CHF 61 million and the Group operating income for the period would have been increased by CHF 11 million. None of the goodwill arising on acquisitions is expected to be tax deductible.

DIVESTMENTS 2012

There were no significant disposals in 2012.

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INFORMATION BY BUSINESS AND GEOGRAPHICAL SEGMENT

(CHF million)	REVENUE	ADJUSTED OPERATING INCOME	AMORTISATION OF ACQUISITION INTANGIBLES	OPERATING INCOME BY BUSINESS
2013				
Agricultural Services	381	65	-	65
Minerals Services	792	124	(1)	123
Oil, Gas & Chemicals Services	1 140	154	(3)	151
Life Science Services	205	27	(2)	25
Consumer Testing Services	1 042	258	(1)	257
Systems & Services Certification	402	73	-	73
Industrial Services	960	108	(5)	103
Environmental Services	328	34	(1)	33
Automotive Services	305	66	(7)	59
Governments & Institutions Services	275	68	-	68
TOTAL	**5 830**	**977**	**(20)**	**957**

Unallocated costs	(45)
GROUP OPERATING INCOME	**912**

(CHF million)	REVENUE	ADJUSTED OPERATING INCOME	AMORTISATION OF ACQUISITION INTANGIBLES	OPERATING INCOME BY BUSINESS
2012 RESTATED				
Agricultural Services	370	61	-	61
Minerals Services	868	162	(1)	161
Oil, Gas & Chemicals Services	1 046	137	(2)	135
Life Science Services	199	17	(2)	15
Consumer Testing Services	936	233	(1)	232
Systems & Services Certification	395	72	-	72
Industrial Services	899	100	(4)	96
Environmental Services	323	34	(1)	33
Automotive Services	277	61	(6)	55
Governments & Institutions Services	256	54	-	54
TOTAL	**5 569**	**931**	**(17)**	**914**

Unallocated costs	(80)
GROUP OPERATING INCOME	**834**

The revenues reported represent revenue generated from external customers.

Revenue in Switzerland from external customers for 2013 amounted to CHF 267 million (2012: CHF 264 million). No country represented more than 15% of revenues from external customers in 2013 or 2012.

UNALLOCATED COSTS 2013

In 2013, the Group incurred CHF 12 million of integration-related costs and transaction-related costs that have been expensed in accordance with IFRS 3 (revised). At the same time, the Group incurred a pre-tax restructuring charge of CHF 33 million, largely as a result of personnel reorganisation due to the decline in market conditions in certain businesses and geographies (CHF 28 million) as well as fixed impairment and other charges (CHF 5 million).

UNALLOCATED COSTS 2012

In 2012, the Group incurred a pre-tax restructuring charge of CHF 68 million, including a provision of CHF 21 million (net of tax) in view of the intended closure of the Paris clinic. These pre-tax restructuring costs are largely a result of personnel reorganisation due to the decline in market conditions in certain businesses and geographies (CHF 43 million) as well as fixed asset impairment and other charges (CHF 25 million). At the same time, the Group incurred CHF 12 million of integration-related costs and transaction-related costs that have been expensed in accordance with IFRS 3 (revised).

(CHF million)	2013	%	2012 RESTATED	%
REVENUE FROM EXTERNAL CUSTOMERS BY GEOGRAPHICAL SEGMENT				
Europe/Africa/Middle East	2 694	46.2	2 618	47.0
Americas	1 448	24.8	1 360	24.4
Asia Pacific	1 688	29.0	1 591	28.6
TOTAL	**5 830**	**100.0**	**5 569**	**100.0**

MAJOR CUSTOMER INFORMATION

In 2013 and in 2012, no external customer represented 10% or more of the Group's total revenue.

(CHF million)	2013	%	2012 RESTATED	%
OPERATING ASSETS BY BUSINESS SEGMENT				
Agricultural Services	244	5.5	255	5.9
Minerals Services	683	15.5	690	15.8
Oil, Gas & Chemicals Services	898	20.3	779	17.9
Life Science Services	241	5.5	291	6.7
Consumer Testing Services	672	15.2	656	15.1
System & Services Certification	179	4.1	176	4.0
Industrial Services	676	15.3	582	13.4
Environmental Services	262	5.9	311	7.2
Automotive Services	404	9.1	383	8.8
Governments & Institutions Services	157	3.6	222	5.1
TOTAL	**4 416**	**100.0**	**4 345**	**100.0**

(CHF million)	2013	2012 RESTATED
RECONCILIATION OF OPERATING ASSETS BY BUSINESS SEGMENT TO THE BALANCE SHEET		
Assets by business segment as above	4 416	4 345
Non-operating assets	623	646
TOTAL ASSETS PER BALANCE SHEET	**5 039**	**4 991**

Assets by business segment comprise all assets held by the Group's operating affiliates after elimination of inter-company balances.

SPECIFIC NON-CURRENT ASSETS BY MATERIAL COUNTRIES

Specific non-current assets by material countries:

(CHF million)	2013	%	2012 RESTATED	%
Switzerland	81	3.5	95	4.2
Other countries	2 224	96.5	2 150	95.8
TOTAL	**2 305**	**100.0**	**2 245**	**100.0**

No country represented more than 15% of the specific non-current assets in 2013 or 2012.

RECONCILIATION WITH TOTAL NON-CURRENT ASSETS

(CHF million)	2013	2012 RESTATED
Specific non-current assets as above	2 305	2 245
Deferred tax assets	173	224
Non-current loans to third parties	-	1
TOTAL	**2 478**	**2 470**

(CHF million)	2013	%	2012 RESTATED	%
OPERATING LIABILITIES BY BUSINESS SEGMENT				
Agricultural Services	121	6.6	127	6.6
Minerals Services	250	13.6	297	15.5
Oil, Gas & Chemicals Services	360	19.6	358	18.7
Life Science Services	65	3.5	68	3.6
Consumer Testing Services	329	17.9	321	16.9
System & Services Certification	127	6.9	135	7.1
Industrial Services	303	16.4	308	16.1
Environmental Services	104	5.6	111	5.8
Automotive Services	96	5.2	94	5.1
Governments & Institutions Services	87	4.7	88	4.6
TOTAL	**1 842**	**100.0**	**1 907**	**100.0**

(CHF million)	2013	2012 RESTATED
RECONCILIATION OF OPERATING LIABILITIES BY BUSINESS SEGMENT TO THE BALANCE SHEET		
Liabilities by business segment as above	1 842	1 907
Non-operating liabilities	985	966
TOTAL LIABILITIES PER BALANCE SHEET	**2 827**	**2 873**

(CHF million)	2013	%	2012 RESTATED	%
CAPITAL ADDITIONS BY BUSINESS SEGMENT				
Agricultural Services	15	4.2	23	5.9
Minerals Services	60	16.8	90	23.2
Oil, Gas & Chemicals Services	68	19.0	76	19.6
Life Science Services	16	4.5	19	4.9
Consumer Testing Services	91	25.5	82	21.2
System & Services Certification	5	1.4	5	1.4
Industrial Services	32	9.0	32	8.3
Environmental Services	22	6.2	21	5.4
Automotive Services	25	7.0	9	2.3
Governments & Institutions Services	23	6.4	29	7.5
TOTAL	**357**	**100.0**	**386**	**100.0**

(CHF million)	2013	%	2012 RESTATED	%
DEPRECIATION AND AMORTISATION BY BUSINESS SEGMENT				
Agricultural Services	13	4.4	12	4.5
Minerals Services	46	15.7	43	15.9
Oil, Gas & Chemicals Services	52	17.7	46	17.2
Life Science Services	17	5.8	13	4.9
Consumer Testing Services	68	23.3	59	22.1
System & Services Certification	5	1.7	5	1.9
Industrial Services	36	12.3	33	12.4
Environmental Services	20	7.2	20	7.5
Automotive Services	23	7.8	23	8.7
Governments & Institutions Services	12	4.1	13	4.9
TOTAL	**292**	**100.0**	**267**	**100.0**

(CHF million)	2013	%	2012 RESTATED	%
IMPAIRMENT BY BUSINESS SEGMENT				
Minerals	1	16.7	3	23.1
Consumer Testing Services	-	-	1	7.7
Life Science Services	-	-	8	61.5
System & Services Certification	2	33.3	1	7.7
Industrial Services	3	50.0	-	-
TOTAL	**6**	**100.0**	**13**	**100.0**

	2013	2012 RESTATED
AVERAGE NUMBER OF EMPLOYEES BY GEOGRAPHICAL SEGMENT		
Europe/Africa/Middle East	32 485	31 779
Americas	18 754	18 045
Asia Pacific	29 271	26 967
TOTAL	**80 510**	**76 791**
Number of employees at year end	81 948	79 208

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OTHER OPERATING EXPENSES

(CHF million)	2013	2012 RESTATED
Rental expense, insurance, utilities and sundry supplies	282	265
Consumables, repairs and maintenance	379	374
Communication costs	107	107
Travel costs	372	363
Miscellaneous operating income and expenses	252	275
TOTAL	**1 392**	**1 384**

6

FINANCIAL INCOME

(CHF million)	2013	2012 RESTATED
Interest income	16	14
Foreign exchange gains	1	3
Other financial income	1	-
TOTAL	**18**	**17**

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FINANCIAL EXPENSES

(CHF million)	2013	2012 RESTATED
Interest expense	37	38
Loss on derivatives at fair value	11	10
Loss/(gain) arising on an Interest Rate Swap [1]	10	(5)
(Gain)/loss arising on adjustment for hedged item [1]	(10)	5
Other financial expenses	3	4
Net financial expenses on defined benefit plans	5	6
TOTAL	**56**	**58**

1. In a designated fair value hedge accounting relationship.

8

TAXES

(CHF million)	2013	2012 RESTATED
MAJOR COMPONENTS OF TAX EXPENSE		
Current taxes	223	209
Deferred tax (credit)/expense relating to the origination and reversal of temporary differences	13	5
TOTAL	**236**	**214**

The Group has operations in various countries that have differing tax laws and rates. Consequently, the effective tax rate on consolidated income varies from year to year. A reconciliation between the reported income tax expense and the amount that would arise using the weighted average statutory tax rate of the Group is as follows:

(CHF million)	2013	2012 RESTATED
RECONCILIATION OF TAX EXPENSE		
Profit before taxes	874	793
Tax at the domestic rates applicable to the profits earned in the country concerned	181	156
Tax effect of non-deductible or non-taxable items	5	11
Tax charge from unrecognised tax losses	12	17
Non-creditable foreign withholding taxes	32	30
Other	6	-
TAX EXPENSE	**236**	**214**

	2013		2012 RESTATED	
(CHF million)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
COMPONENTS OF DEFERRED INCOME TAX BALANCES				
Fixed assets	22	10	26	19
Inventories and receivables	10	14	10	17
Remeasurement on actuarial gains and losses on pensions	72	-	105	-
Provisions and other	19	19	49	28
Intangible assets	7	23	6	8
Tax loss carry-forwards	43	-	28	-
DEFERRED INCOME TAXES	**173**	**66**	**224**	**72**

Net change in deferred tax assets/(liabilities):

(CHF million)	TOTAL
NET DEFERRED INCOME TAX ASSET (LIABILITY) AT 1 JANUARY 2012 (RESTATED)	**143**
(Charged)/credited to the income statement	(5)
(Charged)/credited to the shareholders' equity [1]	11
Exchange differences and other	3
NET DEFERRED INCOME TAX ASSET (LIABILITY) AT 31 DECEMBER 2012 (RESTATED)	**152**
(Charged)/credited to the income statement	(13)
(Charged)/credited to the shareholders' equity [1]	(23)
Exchange differences and other	(9)
NET DEFERRED INCOME TAX ASSET (LIABILITY) AT 31 DECEMBER 2013	**107**

1. Relate to remeasurement gains and losses on pensions.

(CHF million)	2013	2012 RESTATED
REFLECTED IN THE BALANCE SHEET AS FOLLOWS:		
Deferred tax assets	173	224
Deferred tax liabilities	(66)	(72)
TOTAL	**107**	**152**

The Group has unrecognised tax losses carried forward amounting to CHF 50 million (2012: CHF 67 million) of which none will expire within the next five years. No tax losses carried forward expired in 2013.

At 31 December 2013, consolidated retained earnings include approximately CHF 3 729 million (2012: CHF 3 725 million) of undistributed earnings associated with investments in subsidiaries and foreign incorporated joint ventures that may be subject to tax if remitted to the parent company. As a Group policy, no deferred tax is recognised in respect of these amounts until the point at which the distributable earnings are determined and foreign statutory requirements, allowing the distribution, are fulfilled. Until that time, the Group is able to control the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

9

EARNINGS PER SHARE

Changes in accounting standards described in detail in note 2 had an impact of CHF 11 million on profit attributable to equity holders of SGS SA reported for 2012, representing a CHF 1.45 adjustment to the reported basic earnings per share and diluted earnings per share.

Those changes also had an impact of CHF 1.59 and CHF 1.57 respectively on the adjusted basic earnings per share and on the adjusted diluted earnings per share.

Basic earnings per share are calculated as follows:

	2013	2012 RESTATED
Profit attributable to equity holders of SGS SA (CHF million)	600	545
Weighted average number of shares	7 649 642	7 622 043
BASIC EARNINGS PER SHARE (CHF)	**78.43**	**71.52**

Diluted earnings per share are calculated as basic earnings per share except that the weighted average number of shares includes the dilutive effect of the Group's share option plans (see note 31):

	2013	2012 RESTATED
Profit attributable to equity holders of SGS SA (CHF million)	600	545
Diluted weighted average number of shares	7 708 047	7 670 714
DILUTED EARNINGS PER SHARE (CHF)	**77.84**	**71.06**

Adjusted earnings per share are calculated as follows:

	2013	2012 RESTATED
Profit attributable to equity holders of SGS SA (CHF million)	600	545
Amortisation of acquisition intangibles (CHF million)	20	17
Restructuring costs net of tax (CHF million)	23	47
Transaction and integration-related costs net of tax (CHF million)	9	8
Adjusted profit attributable to equity holders of SGS SA (CHF million)	652	617
ADJUSTED BASIC EARNINGS PER SHARE (CHF)	**85.27**	**81.06**
ADJUSTED DILUTED EARNINGS PER SHARE (CHF)	**84.63**	**80.55**

10

LAND, BUILDINGS AND EQUIPMENT

(CHF million)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
2013				
COST				
At 1 January	453	1 460	608	2 521
Additions	19	206	102	327
Acquisition of subsidiaries	1	15	5	21
Disposals	(7)	(66)	(41)	(114)
Exchange differences	(13)	(70)	(31)	(114)
At 31 December	453	1 545	643	2 641
ACCUMULATED DEPRECIATION AND IMPAIRMENTS				
At 1 January	204	947	355	1 506
Depreciation	17	168	59	244
Impairment	-	4	2	6
Acquisition of subsidiaries	-	9	2	11
Disposals	(3)	(59)	(33)	(95)
Exchange differences	(4)	(43)	(13)	(60)
At 31 December	214	1 026	372	1 612
NET BOOK VALUE AT 31 DECEMBER	**239**	**519**	**271**	**1 029**
INCLUDED IN LAND, BUILDINGS AND EQUIPMENT ARE LEASED ASSETS AS FOLLOWS				
Purchase cost of leased tangible assets	-	5	1	6
Accumulated depreciation	-	4	1	5
NET BOOK VALUE AT 31 DECEMBER	-	**1**	-	**1**

(CHF million)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
2012 RESTATED				
COST				
At 1 January	421	1 270	564	2 255
Additions	28	251	73	352
Acquisition of subsidiaries	11	25	16	52
Disposals	(4)	(69)	(32)	(105)
Exchange differences	(3)	(17)	(13)	(33)
At 31 December	453	1 460	608	2 521
ACCUMULATED DEPRECIATION AND IMPAIRMENTS				
At 1 January	185	851	334	1 370
Depreciation	17	153	52	222
Impairment	3	1	-	4
Acquisition of subsidiaries	5	17	4	26
Disposals	(2)	(65)	(29)	(96)
Exchange differences	(4)	(10)	(6)	(20)
At 31 December	204	947	355	1 506
NET BOOK VALUE AT 31 DECEMBER	**249**	**513**	**253**	**1 015**
INCLUDED IN LAND, BUILDINGS AND EQUIPMENT ARE LEASED ASSETS AS FOLLOWS				
Purchase cost of leased tangible assets	-	7	1	8
Accumulated depreciation	-	5	-	5
NET BOOK VALUE AT 31 DECEMBER	-	**2**	**1**	**3**

At 31 December 2013, the Group had commitments of CHF 9 million (2012: CHF 12 million) for the acquisition of land, buildings and equipment.

Included in the other tangible assets are construction-in-progress assets amounting to CHF 46 million (2012: CHF 30 million).

The values of buildings and equipment for fire insurance purposes are as follows:

(CHF million)	2013	2012 RESTATED
Buildings	541	523
Machinery, equipment and other tangible assets	2 047	1 916

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GOODWILL

(CHF million)	2013	2012 RESTATED
COST		
At 1 January	959	830
Additions	83	139
Exchange differences	(33)	(10)
AT 31 DECEMBER	**1 009**	**959**

In 2013, the Group reviewed the CGU's disclosed. In order to align the CGUs with the organisational structure, the lowest level of a CGU is a country and a business.

Goodwill impairment reviews have been conducted for goodwill balances allocated to more than 57 specific cash generating units (CGU). The goodwill balances tested account for 99.5% of the total goodwill net book value reported as at 31 December 2013.

No goodwill impairment exposure was identified and therefore no impairment charge was recorded (2012: nil).

Detailed results of the impairment tests are presented below for larger goodwill balances (representing 50.0% of all goodwill items tested). These tests have all been performed in accordance with the Group's uniform method described on page 54.

AUTOMOTIVE SPAIN AND ARGENTINA

Goodwill recognised on the acquisition of the vehicle inspection businesses of General de Servicios ITV (Inspección Técnica de Vehículos) SA in Spain and Argentina (2010) has been allocated to the Automotive Services Spain and Argentina CGU for impairment testing purposes. The carrying amount of the goodwill allocated to the CGU is expressed in EUR for an equivalent of CHF 143 million as at 31 December 2013.

The recoverable amount of the CGU, determined based upon a value-in-use calculation, is higher than its carrying amount. Cash flow projections were used in this calculation, discounted at a pre-tax rate of 8.5%. The cash flows for the first five years were based upon financial plans approved by Group Management while the subsequent years assume a long-term growth rate of 1.0% and stable operating margins. The overall assumptions used in the calculation are consistent with the expected average growth rate of the vehicle inspection business served in Europe and South America.

The key sensitivity for the impairment test is the growth in sales and operating margin. Reducing the expected annual revenue growth rates for the first five years by 200 basis points would not result in the carrying amount exceeding the recoverable amount. Reducing the operating margin by 25 basis points would not result in the carrying amount exceeding the recoverable amount.

An increase of 1% in the discount rate assumption would not change the conclusions of the impairment test.

LIFE SCIENCE SERVICES, EUROPE

Goodwill recognised on the following main acquisitions has been allocated to the Life Science Services, Europe CGU for impairment testing purposes: Medisearch International (2003); Cibest (2004); Aster Cephac (2006); M-Scan Group (2010), Exprimo (2011) and Vitrology (2012). The carrying amounts of the goodwill items allocated to this CGU are expressed in EUR for an equivalent of CHF 105 million as at 31 December 2013.

The recoverable amount of the CGU, determined based upon a value-in-use calculation, is higher than its carrying amount. Cash flow projections were used in this calculation, discounted at a pre-tax rate of 7.6%. The cash flows for the first five years were based upon financial plans approved by Group Management while the subsequent years assume a long-term growth rate of 1.0% and stable operating margins. The overall assumptions used in the calculation are consistent with the expected average growth rate of the Life Science Services business in Europe.

The key sensitivity for the impairment test is the growth in sales and operating margin. Reducing the expected annual revenue growth rates for the first five years by 200 basis points would not result in the carrying amount exceeding the recoverable amount. Reducing the operating margin by 25 basis points would not result in the carrying amount exceeding the recoverable amount.

An increase of 1% in the discount rate assumption would not change the conclusions of the impairment test.

INDUSTRIAL SERVICES, NORTH AMERICA

Goodwill mainly recognised on the following main acquisition of Pfinde (2011), FTS US (2007) and MSI (2013) has been allocated to the Industrial Services North America CGU for

impairment testing purposes.
The carrying amount of the goodwill allocated to this CGU is expressed in USD and CAD for an equivalent of CHF 67 million as at 31 December 2013.

The recoverable amount of the CGU, determined based upon a value-in-use calculation, is higher than its carrying amount. Cash flow projections were used in this calculation, discounted at a pre-tax rate of 7.0%. The cash flows for the first five years were based upon financial plans approved by Group Management while the subsequent years assume a long-term growth rate of 1.0% and stable operating margins. The overall assumptions used in the calculation are consistent with the expected average growth rate of the Industrial Services business in North America.

The key sensitivity for the impairment test is the growth in sales and operating margin. Reducing the expected annual revenue growth rates for the first five years by 200 basis points would not result in the carrying amount exceeding the recoverable amount. Reducing the operating margin by 25 basis points would not result in the carrying amount exceeding the recoverable amount.

An increase of 1% in the discount rate assumption would not change the conclusions of the impairment test.

MINERALS SERVICES, NORTH AMERICA

Goodwill recognised on the following main acquisitions has been allocated to the Minerals Services North America CGU for impairment testing purposes: Lakefield group (2002) and Minnovex group (2005), SMPN-CEMI (2008) and E&S Engineering (2012). The carrying amounts of the goodwill items allocated to this CGU are expressed in various currencies for an equivalent of CHF 64 million as at 31 December 2013.

The recoverable amount of the CGU, determined based upon a value-in-use calculation, is higher than its carrying amount. Cash flow projections were used in this calculation, discounted at a pre-tax rate of 7.9%. The cash flows for the first five years were based upon financial plans approved by Group Management while the subsequent years assume a long-term growth rate of 1.0% and stable operating margins. The overall assumptions used in the calculation are consistent with the expected average growth rate of the Minerals Services business in North America.

The key sensitivity for the impairment test is the growth in sales and operating margin. Reducing the expected annual revenue growth rates for the first five years by 200 basis points would not result in the carrying amount exceeding the recoverable amount. Reducing the operating margin by 25 basis points would not result in the carrying amount exceeding the recoverable amount.

An increase of 1% in the discount rate assumption would not change the conclusions of the impairment test.

MULTIBUSINESS SERVICES, GERMANY

Goodwill mainly recognised on the following main acquisition of Institut Fresenius AG (2004) and Merlot Nokia Siemens network (2008), has been allocated to a specific cross-business CGU for impairment testing purposes. The carrying amount of the goodwill allocated to this CGU is expressed in EUR for an equivalent of CHF 65 million as at 31 December 2013.

The recoverable amount of the CGU, determined based upon a value-in-use calculation, is higher than its carrying amount. Cash flow projections were used in this calculation, discounted at a pre-tax rate of 7.3%. The cash flows for the first five years were based upon financial plans approved by Group Management while the subsequent years assume a long-term growth rate of 1.0% and stable operating margins. The overall assumptions used in the calculation are consistent with the expected average growth rate in Multibusiness Services in Germany.

The key sensitivity for the impairment test is the growth in sales and operating margin. Reducing the expected annual revenue growth rates for the first five years by 200 basis points would not result in the carrying amount exceeding the recoverable amount. Reducing the operating margin by 25 basis points would not result in the carrying amount exceeding the recoverable amount.

An increase of 1% in the discount rate assumption would not change the conclusions of the impairment test.

OIL, GAS & CHEMICALS SERVICES, NETHERLANDS AND MALAYSIA

Goodwill recognised on the following main acquisitions of Horizon Energy Partners (2008) and AKZO (2008) has been allocated to the Oil, Gas & Chemicals Services, Netherlands and Malaysia CGU for impairment testing purposes. The carrying amount of the goodwill allocated to the CGU is expressed in EUR for an equivalent of CHF 58 million as at 31 December 2013.

The recoverable amount of the CGU, determined based upon a value-in-use calculation, is higher than its carrying amount. Cash flow projections were used in this calculation, discounted at a pre-tax rate of 8.5%. The cash flows for the first five years were based upon financial plans approved by Group Management while the subsequent years assume a long-term growth rate of 1.0% and stable operating margins. The overall assumptions used in the calculation are consistent with the expected average growth rate of the Oil, Gas & Chemicals Services, Netherlands and Malaysia segment served by the Group.

The key sensitivity for the impairment test is the growth in sales and operating margin. Reducing the expected annual revenue growth rates for the first five years by 200 basis points would not result in the carrying amount exceeding the recoverable amount. Reducing the operating margin by 25 basis points would not result in the carrying amount exceeding the recoverable amount.

An increase of 1% in the discount rate assumption would not change the conclusions of the impairment test.

12

OTHER INTANGIBLE ASSETS

(CHF million)	TRADEMARKS AND OTHER	CUSTOMER RELATIONSHIPS	COMPUTER SOFTWARE AND OTHER ASSETS INTERNALLY GENERATED	COMPUTER SOFTWARE AND OTHER ASSETS PURCHASED	TOTAL
2013					
COST					
At 1 January	84	138	73	225	520
Additions	-	-	5	25	30
Acquisition of subsidiaries	-	20	-	1	21
Disposals	-	-	-	(6)	(6)
Exchange differences	(2)	(5)	-	(5)	(12)
At 31 December	82	153	78	240	553
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 1 January	30	38	62	177	307
Amortisation	8	12	5	23	48
Acquisition of subsidiaries	-	-	-	1	1
Disposals	-	-	-	(5)	(5)
Exchange differences	(1)	(1)	-	(3)	(5)
At 31 December	37	49	67	193	346
NET BOOK VALUE AT 31 DECEMBER	**45**	**104**	**11**	**47**	**207**

(CHF million)	TRADEMARKS AND OTHER	CUSTOMER RELATIONSHIPS	COMPUTER SOFTWARE AND OTHER ASSETS INTERNALLY GENERATED	COMPUTER SOFTWARE AND OTHER ASSETS PURCHASED	TOTAL
2012 RESTATED					
COST					
At 1 January	86	105	69	202	462
Additions	-	-	5	29	34
Acquisition of subsidiaries	-	35	-	1	36
Disposals	-	-	-	(3)	(3)
Exchange differences	(2)	(2)	(1)	(4)	(9)
At 31 December	84	138	73	225	520
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 1 January	14	29	56	159	258
Amortisation	8	10	5	22	45
Impairment	8	-	1	-	9
Disposals	-	-	-	(3)	(3)
Exchange differences	-	(1)	-	(1)	(2)
At 31 December	30	38	62	177	307
NET BOOK VALUE AT 31 DECEMBER	**54**	**100**	**11**	**48**	**213**

SIGNIFICANT INTANGIBLE ASSETS

The Group is implementing global management information systems focusing on contract management, finance and sales order processing. In particular, additions relating to the Group's ERP system amount to CHF 6 million (2012: CHF 4 million) and are being amortised over a period of four years.

Incremental costs relating to internally generated assets are capitalised when incurred and amortised over a period of four years from the time of occurrence. Purchased intangible assets mainly consist of purchased computer software and consultancy services required for implementations.

13

OTHER NON-CURRENT ASSETS

(CHF million)	2013	2012 RESTATED
Non-current loans to third parties	1	1
Other non-current assets	41	41
TOTAL	**42**	**42**

Depending on the nature of the loan, currency and date of maturity, interest rates on long-term loans to third parties range between 0% and 15.0%.

Other non-current assets consist mainly of deposits for guarantees and include CHF 13 million (2012: CHF 14 million) of restricted cash. Typical examples of restricted cash are cash deposits for performance bonds, rentals and other operating obligations.

At 31 December 2013 and 2012, the fair value of the Group's other non-current assets approximates the carrying value.

14

UNBILLED REVENUES AND INVENTORIES

(CHF million)	2013	2012 RESTATED
Work-in-progress	43	40
Unbilled revenues	232	207
Inventories	55	55
TOTAL	**330**	**302**

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TRADE ACCOUNTS AND NOTES RECEIVABLE

(CHF million)	2013	2012 RESTATED
Trade accounts and notes receivable	1 111	1 136
Allowance for doubtful accounts	(159)	(159)
TOTAL	**952**	**977**
Ageing of trade accounts and notes receivables not impaired:		
Not overdue	365	406
Past due not more than two months	413	389
Past due more than two months but not more than four months	86	91
Past due more than four months but not more than six months	47	48
Past due more than six months but not more than one year	41	43
Past due more than one year	-	-
TOTAL	**952**	**977**

The nominal value, less impairment provisions, of trade accounts and notes receivable is considered to approximate their fair value.

The movement of allowance for doubtful accounts is analysed as follows:

(CHF million)	2013	2012 RESTATED
Balance at beginning of the year	(159)	(145)
Acquisition of subsidiaries	(1)	(2)
Increase in allowance recognised in the income statement	(17)	(26)
Utilisations	14	12
Exchange differences	4	2
TOTAL	**(159)**	**(159)**

Receivables aged less than 360 days are provided when the creditworthiness review indicates that the amounts may have become unrecoverable.

The Group provides fully for all receivables over 360 days as historical experience shows that receivables aged more than 360 days are generally not recoverable.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Credit risks arise mainly from the possibility that customers may not be able to settle their obligations as agreed. The Group periodically assesses the creditworthiness of customers.

The Group's credit risk is diversified due to the large number of entities that make up the Group's customer base and the diversification across many different industries and geographic regions.

The maximum credit risk to which the Group is theoretically exposed at 31 December 2013 is represented by the carrying amounts of receivables in the balance sheet.

No customer accounts for 5% or more of the Group's total receivables at balance sheet date.

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OTHER RECEIVABLES AND PREPAYMENTS

(CHF million)	2013	2012 RESTATED
Prepayments	68	77
Derivative assets	8	6
Interest Rate Swap designated in a fair value hedge accounting relationship	-	5
Other receivables	230	167
TOTAL	**306**	**255**

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Other receivables consist mainly of sales and other taxes recoverable as well as advances to suppliers and prepaid income tax.

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MARKETABLE SECURITIES

(CHF million)	2013	2012 RESTATED
Available for sale	9	17
TOTAL	**9**	**17**

Unrealised gains or losses on marketable securities designated as available for sale and which are recorded in equity amounted to nil for 2013 (2012: nil).

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CASH AND CASH EQUIVALENTS

(CHF million)	2013	2012 RESTATED
Cash and short-term deposits	964	969
Short-term loans	-	1
TOTAL	**964**	**970**

Cash and cash equivalents do not include restricted cash, which is reported within other non-current assets (note 13).

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CASH FLOW STATEMENT

19.1. NON-CASH ITEMS

(CHF million)	NOTES	2013	2012 RESTATED
Depreciation of buildings and equipment	10	244	222
Impairment of land, buildings and equipment and other intangible assets	10 & 12	6	13
Amortisation of intangible assets	12	48	45
Net financial expenses		38	40
(Decrease) in provisions and employee benefits		(16)	(45)
Share-based payment expenses		5	14
(Gain) on disposals of land, buildings and equipment		(5)	(1)
Share of results from associates and other entities		(4)	(1)
Taxes		236	214
NON-CASH ITEMS		**552**	**501**

19.2 INCREASE IN WORKING CAPITAL

(CHF million)	2013	2012 RESTATED
(Increase) in unbilled revenues and inventories	(42)	(43)
(Increase) in trade accounts and notes receivable	(6)	(91)
(Increase) in other receivables and prepayments	(31)	(22)
Increase in trade and other payables	23	27
Increase in other creditors and accruals	33	20
(Decrease)/increase in other provisions	(6)	36
(INCREASE) IN WORKING CAPITAL	**(29)**	**(73)**

19.3. CASH FLOWS ARISING FROM ACQUISITIONS OF BUSINESSES

(CHF million)	2013 ACQUISITIONS	2012 ACQUISITIONS RESTATED
Tangible and other long-term assets	(11)	(32)
Intangible assets	(20)	(36)
Current assets excluding cash and cash equivalents	(19)	(58)
Cash and cash equivalents	(14)	(19)
Current liabilities	18	59
Non-current liabilities	11	22
NET IDENTIFIABLE ASSETS ACQUIRED	**(35)**	**(64)**
Acquired cash and cash equivalents	14	19
SUBTOTAL	**(21)**	**(45)**
Goodwill	(83)	(139)
Consideration payable	1	8
Payments on prior year aquisitions	(5)	(6)
NET CASH FLOWS	**(108)**	**(182)**

Note 3 provides further information regarding acquisitions and divestments of businesses. All acquisitions were settled in cash.

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ACQUISITIONS

ASSETS AND LIABILITIES ARISING FROM THE 2013 ACQUISITIONS

(CHF million)	ENGER FAIR VALUE ON ACQUISITION	OTHER FAIR VALUE ON ACQUISITION	TOTAL FAIR VALUE ON ACQUISITION
Tangible and other long-term assets	-	11	11
Intangible assets	9	11	20
Trade accounts and notes receivable	2	10	12
Cash and cash equivalents	2	12	14
Other current assets	4	3	7
Current liabilities	(6)	(12)	(18)
Non-current liabilities	(5)	(6)	(11)
NET ASSETS ACQUIRED	**6**	**29**	**35**
Goodwill	26	57	83
TOTAL PURCHASE PRICE	**32**	**86**	**118**
Acquired cash and cash equivalents	(2)	(12)	(14)
Consideration payable at date of acquisition	(4)	(1)	(5)
Consideration paid in the period	4	-	4
NET CASH OUTFLOW ON ACQUISITIONS	**30**	**73**	**103**

The goodwill arising on these acquisitions relates mainly to the value of expected synergies and the value of the qualified workforce that do not meet the criteria for recognition as separable intangible assets.

Consideration payable relates mainly to environmental and commercial warranty clauses.

The Group incurred transaction-related costs of CHF 5 million (2012: CHF 5 million) related to external legal fees, due diligence expenses as well as the costs of maintaining an internal acquisition department. These expenses are reported within Other Operating Expenses in the consolidated income statement.

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FINANCIAL RISK MANAGEMENT

RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's activities expose it primarily to market, credit and liquidity risk. Market risk includes foreign exchange, interest rate and equity price risks.

The risk management policies and objectives are governed by the Group's policies approved by the Board of Directors.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risk and limits continually by means of reliable and up-to-date administrative and information systems.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies. The Audit Committee is assisted in its oversight role by Internal Audit.

RISK MANAGEMENT ACTIVITIES

The Group uses foreign exchange contracts to manage the Group's exposure to fluctuations in foreign currency exchange rates. These activities are carried out in accordance with the Group's risk management policies and objectives in areas such as counter-party exposure and hedging practices. Counter parties to these agreements are major international financial institutions with high credit ratings and positions are monitored using market value and sensitivity analyses. The associated credit risk is therefore limited. These agreements generally include the exchange of one currency for a second currency at a future date.

The following table summarises foreign exchange contracts outstanding at year-end. The notional amount of derivatives summarised below represents the gross amount of the contracts and includes transactions which have not yet matured. Therefore the figures do not reflect the Group's net exposure at year-end. The market value approximates the costs to settle the outstanding contracts. These market values should not be viewed in isolation but in relation to the market values of the underlying hedged transactions and the overall reduction in the Group's exposure to adverse fluctuations in foreign exchange rates.

Currently, the Group has limited exposure to interest risk and no exposure to equity price risks.

	NOTIONAL AMOUNT		BOOK VALUE		MARKET VALUE	
(CHF million)	2013	2012 RESTATED	2013	2012 RESTATED	2013	2012 RESTATED
FOREIGN EXCHANGE FORWARD CONTRACTS						
Currency:						
Australian Dollar (AUD)	(30)	(49)	-	(2)	-	(2)
Brazilian Real (BRL)	(25)	-	1	-	1	-
Canadian Dollar (CAD)	(19)	(15)	-	-	-	-
Chilean Peso (CLP)	(21)	1	-	-	-	-
Chinese Renminbi (CNY)	21	15	-	-	-	-
Colombian Peso (COP)	(14)	-	-	-	-	-
Czech Koruna (CZK)	(4)	-	-	-	-	-
Euro (EUR)	(126)	(230)	(1)	-	(1)	-
British Pound Sterling (GBP)	(10)	(1)	-	-	-	-
Hong Kong Dollar (HKD)	235	145	-	-	-	-
Japanese Yen (JPY)	1	(1)	-	-	-	-
Kenyan Shilling (KES)	(3)	-	-	-	-	-
Korean Won (KRW)	-	(12)	-	-	-	-
New Zealand Dollar (NZD)	(1)	(3)	-	-	-	-
Philippines Peso (PHP)	(7)	(7)	-		-	-
Polish Zloty (PLN)	(7)	(8)	-	-	-	-
Russian Rubble (RUB)	(9)	(14)	-	(1)	-	(1)
Turkish New Lira (TRY)	(17)	(20)	-	-	-	-
US Dollar (USD)	(72)	(66)	(1)	(1)	(1)	(1)
South African Rand (ZAR)	(40)	(8)	1	-	1	-
Other	-	(8)	-	1	-	1
TOTAL	**(148)**	**(281)**	-	**(3)**	-	**(3)**

FAIR VALUE MEASUREMENT RECOGNISED IN THE BALANCE SHEET

Marketable securities and derivative assets and liabilities are the only financial instruments measured at fair value subsequent to their initial recognition.

Marketable securities (2013: CHF 9 million; 2012: CHF 17 million) qualify as Level 1 fair value measurement category. Derivative assets (2013: CHF 8 million; 2012: CHF 11 million) and liabilities (2013: CHF 10 million; 2012: CHF 9 million) qualify as Level 2 fair value measurement category in accordance with the fair value hierarchy.

Level 1 fair value measurements are those derived from the quoted price in active markets. Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Derivative assets and liabilities consist of foreign currency forward contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract. In addition, the Interest Rate Swap is measured using quoted interest rates and yield curves derived from quoted interest rates matching maturities of the contract.

The fair values of financial assets and financial liabilities included in the level 2 above have been determined in accordance with generally accepted pricing models.

CREDIT RISK MANAGEMENT

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. It arises principally from the Group's commercial activities. The Group has dedicated standards, policies and procedures to control and monitor such risks.

As part of financial management activities the Group enters into various types of transactions with international banks, usually with a credit rating of at least A. Exposure to these risks is closely monitored and kept within predetermined parameters. The Group does not expect any non-performance by these counter parties.

The maximum credit risk to which the Group is theoretically exposed at 31 December 2013 is the carrying amount of financial assets including derivatives.

Analysis of financial assets by class and category at 31 December 2013:

	AMORTISED COST LOANS AND RECEIVABLES		FAIR VALUE				TOTAL	
			AVAILABLE FOR SALE		AT FAIR VALUE THROUGH P&L			
(CHF million)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Cash and cash-equivalents	964	964	-	-	-	-	964	964
Trade receivables	952	952	-	-	-	-	952	952
Other receivables	130	130	-	-	-	-	130	130
Unbilled revenues	232	232	-	-	-	-	232	232
Loans to 3rd parties - current	-	-	-	-	-	-	-	-
Loans to 3rd parties - non-current	1	1	-	-	-	-	1	1
Marketable securities	-	-	9	9	-	-	9	9
Derivatives	-	-	-	-	8	8	8	8
TOTAL FINANCIAL ASSETS	**2 279**	**2 279**	**9**	**9**	**8**	**8**	**2 296**	**2 296**

1. Excluding VAT and other tax related items.

In the fair value hierarchy, marketable securities qualify as level 1 and the remaining financial assets qualify as level 2.

Analysis of financial assets by class and category at 31 December 2012 (restated):

	AMORTISED COST LOANS AND RECEIVABLES		FAIR VALUE				TOTAL	
			AVAILABLE FOR SALE		AT FAIR VALUE THROUGH P&L			
(CHF million)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Cash and cash-equivalents	970	970	-	-	-	-	970	970
Trade receivables	977	977	-	-	-	-	977	977
Other receivables [1]	107	107	-	-	-	-	107	107
Unbilled revenues	207	207	-	-	-	-	207	207
Loans to 3rd parties - current	1	1	-	-	-	-	1	1
Loans to 3rd parties - non-current	1	1	-	-	-	-	1	1
Marketable securities	-	-	17	17	-	-	17	17
Derivatives [2]	-	-	-	-	11	11	11	11
TOTAL FINANCIAL ASSETS	**2 263**	**2 263**	**17**	**17**	**11**	**11**	**2 291**	**2 291**

1. Excluding VAT and other tax related items.

2. Including an Interest Rate Swap designated in a fair value hedge accounting relationship of CHF 5 million.

In the fair value hierarchy, marketable securities qualify as level 1 and the remaining financial assets qualify as level 2.

LIQUIDITY RISK MANAGEMENT

The objective of the Group liquidity and funding management is to ensure that all its foreseeable financial commitments can be met when due. Liquidity and funding is primarily managed by Group Treasury in accordance with practices and limits set in the risk management policies and objectives approved by the Board of Directors.

The nature of the Group's business requires keeping a significant part of the cash reserves in the operating units.

Due to the significant cash position liquidity risk is limited. The Group has various committed and uncommitted bilateral credit facilities with its banks.

Analysis of financial liabilities by class and category at 31 December 2013:

	AMORTISED COST AND OTHER LIABILITIES		FAIR VALUE		TOTAL	
			AT FAIR VALUE THROUGH P&L			
(CHF million)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Trade payables	198	198	-	-	198	198
Other payables and financial liabilities [1]	152	152	-	-	152	152
Advances from clients	36	36	-	-	36	36
Loans and obligations under finance leases	1 307	1 307	-	-	1 307	1 307
Derivatives [2]	-	-	10	10	10	10
Bank overdrafts	1	1	-	-	1	1
TOTAL FINANCIAL LIABILITIES	**1 694**	**1 694**	**10**	**10**	**1 704**	**1 704**

1. Excluding VAT and other tax related items.

2. Including an Interest Rate Swap designated in a fair value hedge accounting relationship of CHF 5 million.

In the fair value hierarchy, all financial liabilities qualify as level 2.

Analysis of financial liabilities by class and category at 31 December 2012 (restated):

	AMORTISED COST AND OTHER LIABILITIES		FAIR VALUE AT FAIR VALUE THROUGH P&L		TOTAL	
(CHF million)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Trade payables	201	201	-	-	201	201
Other payables and financial liabilities [1]	152	152	-	-	152	152
Advances from clients	30	30	-	-	30	30
Loans and obligations under finance leases	1 319	1 319	-	-	1 319	1 319
Derivatives	-	-	9	9	9	9
Bank overdrafts	3	3	-	-	3	3
TOTAL FINANCIAL LIABILITIES	**1 705**	**1 705**	**9**	**9**	**1 714**	**1 714**

1. Excluding VAT and other tax related items.

In the fair value hierarchy, all financial liabilities qualify as level 2.

Contractual maturities of financial liabilities including interest payments at 31 December 2013:

(CHF million)	BORROWINGS 3RD PARTY LT AND ST	BANK OVERDRAFTS AND OTHER LIABILITIES	GROSS SETTLED DERIVATIVE FINANCIAL INSTRUMENTS OUTFLOWS	GROSS SETTLED DERIVATIVE FINANCIAL INSTRUMENTS INFLOWS	TRADE PAYABLES AND OTHERS	FINANCE LEASES	TOTAL
On demand or within one year	44	8	1 134	(1 134)	330	1	383
Within the second year	29	4	-	-	-	1	34
Within the third year	651	2	-	-	3	-	656
Within the fourth year	17	-	-	-	-	-	17
Within the fifth year	17	-	-	-	-	-	17
After five years	696	1	-	-	-	-	697

The Group hedges its foreign exchange exposures on a net basis. The net gross settled derivative financial instruments of CHF 0 million (2012: minus CHF 5 million) represents the net nominal value expressed in CHF of the Group's foreign contracts outstanding at 31 December 2013.

Contractual maturities of financial liabilities including interest payments at 31 December 2012 (restated):

(CHF million)	BORROWINGS 3RD PARTY LT AND ST	BANK OVERDRAFTS AND OTHER LIABILITIES	GROSS SETTLED DERIVATIVE FINANCIAL INSTRUMENTS OUTFLOWS	GROSS SETTLED DERIVATIVE FINANCIAL INSTRUMENTS INFLOWS	TRADE PAYABLES AND OTHERS	FINANCE LEASES	TOTAL
On demand or within one year	42	11	564	(569)	324	2	374
Within the second year	31	5	-	-	1	1	38
Within the third year	28	4	-	-	-	-	32
Within the fourth year	648	3	-	-	-	-	651
Within the fifth year	16	-	-	-	-	-	16
After five years	732	-	-	-	-	-	732

SENSITIVITY ANALYSES

The estimated changes in the value of net foreign currency positions are based on an instantaneous 5% weakening of the Swiss Franc against all other currencies from the level applicable at 31 December 2013 and 2012, with all other variables remaining constant.

Sensitivity analysis at 31 December 2013 and 2012:

	2013		2012	
(CHF million)	INCOME STATEMENT IMPACT INCOME/(EXPENSE)	EQUITY IMPACT INCREASE/ (DECREASE)	INCOME STATEMENT IMPACT INCOME/(EXPENSE)	EQUITY IMPACT INCREASE/ (DECREASE)
US Dollar (USD)	-	5	(1)	6
Euro (EUR)	(2)	-	(2)	-
CFA Franc BEAC (XAF)	(1)	-	2	-
British Pound Sterling (GBP)	-	2	-	2
Australian Dollar (AUD)	-	2	-	2
Canadian Dollar (CAD)	-	5	-	5
New Metical (MZN)	-	1	-	1
Brazilian Real (BRL)	-	2	-	1
Colombian Peso (COP)	-	1	-	1
Korean Won (KRW)	-	1	-	-
Chilean Peso (CLP)	-	2	-	2

INTEREST RATE RISK MANAGEMENT

The Group is exposed to fair value interest rate risk because the Group borrows funds at fixed interest rates. The risk is managed by the Group by the use of Interest Rate Swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

On 27 May 2011, the Group entered into an Interest Rate Swap agreement, which hedges the 10 year CHF 275 million corporate bond with a coupon of 3.0% issued at the same date. In this case, the Group designated and documented the Interest Rate Swap exchanging fixed rate interest for floating interest as a hedging instrument against changes in fair value of recognised liability (fair value hedge).

On 18 July 2012, the Group received a cash amount of CHF 33 million in relation with the re-setting of the Interest Rate Swap agreement to market rates.

These cash proceeds were recognised against the carrying amount of the corporate bond and will be amortised within interest expense over the remaining life of the corporate bond by adjusting the effective interest rate under the effective interest method. At the same date, the Group has also re-designated the hedge accounting relationship in compliance with fair value hedge accounting requirements.

If interest rates were 50 basis points higher/lower, the profit for the year ended 31 December 2013 would increase/decrease by nil (2012: nil), excluding the Interest Rate Swap.

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SHARE CAPITAL AND TREASURY SHARES

	SHARES IN CIRCULATION	TREASURY SHARES	TOTAL SHARES ISSUED	TOTAL SHARE CAPITAL *(CHF million)*
BALANCE AT 1 JANUARY 2012	**7 563 860**	**258 576**	**7 822 436**	**8**
Treasury shares released into circulation	74 859	(74 859)	-	-
Treasury shares purchased	(6 677)	6 677	-	-
BALANCE AT 31 DECEMBER 2012	**7 632 042**	**190 394**	**7 822 436**	**8**
Treasury shares released into circulation	37 201	(37 201)	-	-
Treasury shares purchased	(18 403)	18 403	-	-
BALANCE AT 31 DECEMBER 2013	**7 650 840**	**171 596**	**7 822 436**	**8**

ISSUED SHARE CAPITAL

SGS SA has a share capital of CHF 7 822 436 (2012: CHF 7 822 436) fully paid in and divided into 7 822 436 (2012: 7 822 436) registered shares of a par value of CHF 1. All shares, other than own shares, participate equally in the dividends declared by the Company and have equal voting rights.

TREASURY SHARES

On 31 December 2013, SGS SA held, directly or indirectly, 171 596 treasury shares.

In 2013, 37 201 treasury shares were sold or released to cover option rights. During the year, 18 403 treasury shares were purchased for an average price CHF 2 088.

In 2012, the Group initiated a new Share Buy-Back programme for a total of CHF 250 million, valid from 12 March 2012 to 31 December 2014.

AUTHORISED AND CONDITIONAL ISSUE OF SHARE CAPITAL

The Board has the authority to increase the share capital of SGS SA by a maximum of 500 000 registered shares of a par value of CHF 1 each, corresponding to a maximum increase of CHF 500 000 in share capital. The Board is mandated to issue the new shares at the market conditions at the time of issue. In the event that the new shares are issued for an acquisition, the Board is authorised to waive the shareholders' preferential right of subscription or to allocate such subscription right to third parties. The authority delegated by the shareholders to the Board of Directors to increase the share capital is valid until 19 March 2015.

The shareholders have conditionally approved an increase of share capital in the amount of CHF 1 100 000, divided into 1 100 000 registered shares of a par value of CHF 1 each. This conditional share capital increase is intended to procure the necessary shares to satisfy employee share option plans and option or conversion rights to be incorporated in convertible bonds or similar equity-linked instruments that the Board is authorised to issue. The right to subscribe to such conditional capital is reserved for beneficiaries of employee share option plans and holders of convertible bonds or similar debt instruments and therefore excludes shareholders' preferential rights of subscription. The Board is authorised to determine the timing and conditions of such issues, provided that they reflect prevailing market conditions. The term of exercise of the options or conversion rights may not exceed 10 years from the date of issuance of the equity-linked instruments.

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LOANS AND OBLIGATIONS UNDER LEASES

(CHF million)	2013	2012 RESTATED
Bank loans	17	16
Bank overdrafts	1	3
Corporate bonds	1 288	1 299
Finance lease obligations	2	4
TOTAL	**1 308**	**1 322**
Current	15	17
Non-current	1 293	1 305

Depending on the nature of the loan, currency and date of maturity, interest rates on long-term loans from third parties range between 0% and 12.0% and on short-term loans from third parties range between 0% and 12.0%.

The loans from third parties exposed to fair value interest rate risk amount to CHF 1 007 million (2012: CHF 1 003 million) and the loans from third parties exposed to cash flow interest rate risk amount to CHF 298 million (2012: CHF 319 million).

At 31 December 2013, the fair value of the hedged bond issued 27 May 2011 approximated the carrying value. The fair value of the other corporate bonds was CHF 1 056 million (2012: CHF 1 076).

SGS SA issued the following corporate bonds listed on the SIX Swiss Exchange:

DATE OF ISSUE	FACE VALUE IN CHF MILLION	COUPON IN %	EFFECTIVE INTEREST RATE	YEAR OF MATURITY	ISSUE PRICE IN %	REDEMPTION PRICE IN %
19.08.2010	550	1.875	2.091	2016	100.346	100.000
08.03.2011	375	2.625	2.799	2019	100.832	100.000
27.05.2011 [1]	275	3.000	1.751 [2]	2021	100.480	100.000
27.05.2011 [3]	75	1.875	2.232	2016	99.591	100.000

1. SGS SA entered into an Interest Rate Swap (IRS) agreement related to this bond.

2. Change in the effective interest rate due to the re-setting of the Interest Rate Swap (IRS).

3. Re-opening of the six-year bond issued on 19 August 2010.

Loans and finance lease obligations mature as follows:

	BANK LOANS, OVERDRAFTS AND CORPORATE BONDS		LEASE OBLIGATIONS	
(CHF million)	2013	2012 RESTATED	2013	2012 RESTATED
On demand or within one year	14	15	1	1
Within the second year	4	3	1	1
Within the third year	622	-	-	-
Within the fourth year	-	620	-	-
Within the fifth year	-	-	-	-
After five years	666	680	-	2
TOTAL	**1 306**	**1 318**	**2**	**4**

The currency composition of loans and finance lease obligations is as follows:

(CHF million)	BANK LOANS, OVERDRAFTS AND CORPORATE BONDS		LEASE OBLIGATIONS	
	2013	2012	2013	2012 RESTATED
Swiss Franc (CHF)	1 295	1 299	-	-
Euro (EUR)	1	2	1	1
US Dollar (USD)	1	1	-	-
Indian Rupee (INR)	-	1	-	-
Colombian Peso (COP)	1	4	-	-
Malagasy Ariary (MGA)	2	3	-	-
Malaysian Ringgit (MYR)	-	-	-	-
Brazilian Real (BRL)	3	6	-	-
Turkish New Lira (TRY)	-	-	-	-
Zloty (PLN)	-	-	-	-
Other	3	2	1	3
TOTAL	**1 306**	**1 318**	**2**	**4**

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RETIREMENT BENEFIT OBLIGATIONS

The Group mainly operates defined benefit pension plans in Switzerland, the United States of America, the United Kingdom, the Netherlands, Germany, Italy, France and Taiwan. Contributions to most plans are paid to pension funds that are legally separate entities.

The Group also operates post-employment benefit plans, principally healthcare plans in the United States of America and in Switzerland. They represent a defined benefit obligation at 31 December 2013 of CHF 12 million (2012: CHF 13 million). The method of accounting and the frequency of valuation are similar to those used for defined benefit pension plans. Healthcare cost trend assumptions do not have a significant effect on the amounts recognised in the income statement.

The Group's material defined benefit plans are in Switzerland, the United States of America and the United Kingdom.

SWITZERLAND

The Group jointly operates with the employees a retirement foundation in Switzerland. The assets and liabilities of the retirement foundation are held separately from the Group. The foundation board is equally composed of representatives of the employee and representatives of the employer. This foundation covers all the employees in Switzerland and provides benefits on a defined contribution basis.

Each employee has a retirement account to which the employee and the Group contribute at a rate set out in the foundation rules based on a percentage of salary. Every year, the foundation decides the level of interest, if any, to apply to retirement accounts based on the agreed policy. At retirement, an employee can take the retirement account or have this paid as a pension.

Because the foundation board is expected to eventually pay out all of the foundation’s assets as benefits to employees and former employees, no surplus is deemed to be recoverable by the Group. Similarly, unless the assets are insufficient to cover minimum benefits, the Group does not expect to make any deficit contribution to the foundation.

According to IFRS, the foundation has to be classified as a defined benefit plan due to underlying benefit guarantees and has to be accounted for on this basis.

The weighted average duration of the expected benefit payment is approximately 8 years.

The Group expects to contribute CHF 7 million to this plan in 2014.

UNITED STATES OF AMERICA

The Group operates a noncontributory defined benefit plan which is subject to the provisions of the Employee Retirement Income Security Act (ERISA).

The assets of the plan are held separately from the Group by the trustee-custodian, and the plan's third party pension administrator who disburses payments directly to retirees or beneficiaries under the plan. Both the trustee-custodian and the administrator ensure adherence to ERISA rules.

Funding valuations are calculated on an actuarial basis and contributions are made as necessary. The funding target is to provide the plan with sufficient assets to meet future plan obligations.

Effective 16 March 2004, non-exempt participants ceased accruing any additional benefits; only exempt employees of certain SGS business units in the United States of America are eligible for annual benefit accrual. In addition, the pension benefit was changed and is defined as percentage of the current year's pensionable compensation; the cost of additional benefit accrual is evaluated annually. The Group reserves the right to make future changes to the benefit accrual structure of the plan. Eligible employees become participants in the plan after the completion of one year of service and after reaching the age of 21. Participants become fully vested in the plan after five years of service.

The weighted average of duration of the expected benefit payment is approximately 10 years.

The Group expects to contribute CHF 11 million to this plan in 2014.

UNITED KINGDOM

The Group operates two defined benefit plans through a trust. The assets of the plans are held separately from the Group and have trustees who ensure the plan's rules are strictly adhered to. One plan has been closed to new entrants since 2002. Since then new employees have been offered membership of defined contributions plans which have been operated by the Group. The other plan has no active members. Under the defined benefit plans, each member's pension at retirement is related to their pensionable service and final salary.

Funding valuations of the defined benefit plans are carried out and agreed between the Group and the plan trustees at least once every three years. The funding target is for the plans to hold assets equal in value of the accrued benefits based on projected salaries. As part of the valuation process, if there is a shortfall against this target, then the Group and trustees will agree on deficit contributions to meet this deficit over a specified period.

There is a risk to the Group that adverse experience could lead to a requirement for the Group to make additional contributions to recover any deficit that arises.

The weighted average of duration of the expected benefit payments from the combined plans is approximately 20 years.

The Group expects to contribute CHF 7 million to this plan in 2014.

OTHER COUNTRIES

The Group sponsors defined retirement benefits plans in other countries where the Group operates. No individual countries other than those described above are considered material and need to be separately disclosed.

The Group expects to contribute CHF 13 million to those plans in 2014.

The assets and liabilities recognised in the balance sheet at 31 December for defined benefit obligations and for post-employment benefit plans are as follows:

(CHF million)	CH	UK	USA	OTHER	TOTAL
2013					
Fair value of plan assets	316	207	203	68	794
Present value of funded defined benefit obligation	(300)	(179)	(228)	(99)	(806)
FUNDED/(UNFUNDED) STATUS	**16**	**28**	**(25)**	**(31)**	**(12)**
Present value of unfunded defined benefit obligation	(7)	-	(8)	(51)	(66)
Limit on pension asset	(16)	-	-	-	(16)
(NET LIABILITY)/NET ASSET AT 31 DECEMBER	**(7)**	**28**	**(33)**	**(82)**	**(94)**

(CHF million)	CH	UK	USA	OTHER	TOTAL
2012 RESTATED					
Fair value of plan assets	292	183	187	63	725
Present value of funded defined benefit obligation	(302)	(166)	(270)	(96)	(834)
FUNDED/(UNFUNDED) STATUS	**(10)**	**17**	**(83)**	**(33)**	**(109)**
Present value of unfunded defined benefit obligation	(7)	-	(9)	(51)	(67)
Limit on pension asset	-	-	-	-	-
(NET LIABILITY)/NET ASSET AT 31 DECEMBER	**(17)**	**17**	**(92)**	**(84)**	**(176)**

Amounts recognised in the income statement:

(CHF million)	CH	UK	USA	OTHER	TOTAL
2013					
Service cost expense	7	2	1	11	21
Net interest expense on defined benefit plan	-	(1)	3	3	5
Administrative expenses	-	-	1	-	1
TOTAL EXPENSE DUE TO DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**7**	**1**	**5**	**14**	**27**
Expense charged in:					
Salaries and wages	7	2	2	11	22
Financial expense	-	(1)	3	3	5
TOTAL EXPENSE DUE TO DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**7**	**1**	**5**	**14**	**27**

(CHF million)	CH	UK	USA	OTHER	TOTAL
2012 RESTATED					
Service cost expense	3	2	2	11	18
Net interest expense on defined benefit plan	-	-	4	2	6
Administrative expenses	-	-	1	-	1
TOTAL EXPENSE DUE TO DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**3**	**2**	**7**	**13**	**25**
Expense charged in:					
Salaries and wages	3	2	3	11	19
Financial expense	-	-	4	2	6
TOTAL EXPENSE DUE TO DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**3**	**2**	**7**	**13**	**25**

Amounts recognised in the statement of the comprehensive income:

(CHF million)	CH	UK	USA	OTHER	TOTAL
2013					
Remeasurement on net defined benefit liability					
Change in demographic assumptions	7	-	-	(1)	6
Change in financial assumptions	(12)	9	(32)	(2)	(37)
Experience adjustments	(2)	1	-	2	1
Actual return on plan assets excluding net interest expense	(21)	(14)	(22)	-	(57)
Change in limit on pension asset	16	-	-	-	16
TOTAL RECOGNISED IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME AT 31 DECEMBER	**(12)**	**(4)**	**(54)**	**(1)**	**(71)**

(CHF million)	CH	UK	USA	OTHER	TOTAL
2012 RESTATED					
Remeasurement on net defined benefit liability					
Change in demographic assumptions	6	-	-	-	6
Change in financial assumptions	19	-	37	24	80
Experience adjustments	1	-	2	1	4
Actual return on plan assets excluding net interest expense	(17)	(12)	(11)	(9)	(49)
Change in limit on pension asset	(3)	-	-	-	(3)
TOTAL RECOGNISED IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME AT 31 DECEMBER	**6**	**(12)**	**28**	**16**	**38**

Movements in the net liability during the period:

(CHF million)	CH	UK	USA	OTHER	TOTAL
2013					
NET (LIABILITY)/ASSET AT 1 JANUARY	**(17)**	**17**	**(92)**	**(84)**	**(176)**
Expense recognised in the income statement	(7)	(1)	(5)	(14)	(27)
Remeasurements recognised in other comprehensive income	12	4	54	1	71
Contributions paid by the Group	7	8	10	14	39
Exchange differences	(2)	-	-	1	(1)
NET (LIABILITY)/ASSET AT 31 DECEMBER	**(7)**	**28**	**(33)**	**(82)**	**(94)**

(CHF million)	CH	UK	USA	OTHER	TOTAL
2012 RESTATED					
NET (LIABILITY)/ASSET AT 1 JANUARY	**(15)**	**(1)**	**(80)**	**(72)**	**(168)**
Expense recognised in the income statement	(3)	(2)	(7)	(13)	(25)
Remeasurements recognised in other comprehensive income	(6)	12	(28)	(16)	(38)
Contributions paid by the Group	7	8	20	19	54
Exchange differences	-	-	3	(2)	1
NET (LIABILITY)/ASSET AT 31 DECEMBER	**(17)**	**17**	**(92)**	**(84)**	**(176)**

Change in the defined benefit obligation is as follows:

(CHF million)	CH	UK	USA	OTHER	TOTAL
2013					
Opening present value of the defined benefit obligation	309	166	279	147	901
Current service cost	5	2	1	11	19
Interest cost	6	8	11	5	29
Plan participants' contributions	4	1	1	-	6
Past service cost	2	-	-	-	2
Settlements	-	-	(8)	-	(8)
Net benefit payments	(13)	(7)	(14)	(12)	(46)
(Gains)/losses due to changes in demographic assumptions	7	-	-	(1)	6
(Gains)/losses due to changes in financial assumptions	(12)	9	(32)	(2)	(37)
Experience (gains)/losses	(2)	1	-	2	1
Exchange differences	1	(1)	(2)	1	(1)
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**307**	**179**	**236**	**150**	**872**

(CHF million)	CH	UK	USA	OTHER	TOTAL
2012 RESTATED					
Opening present value of the defined benefit obligation	303	161	248	116	828
Current service cost	3	2	2	11	18
Interest cost	8	8	12	5	33
Plan participants' contributions	4	1	1	-	6
Past service cost	-	-	-	-	-
Settlements	(15)	-	-	(1)	(16)
Net benefit payments	(20)	(6)	(13)	(10)	(49)
(Gains)/losses due to changes in demographic assumptions	6	-	-	-	6
(Gains)/losses due to changes in financial assumptions	19	-	37	24	80
Experience (gains)/losses	1	-	2	1	4
Exchange differences	-	-	(10)	1	(9)
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**309**	**166**	**279**	**147**	**901**

Change in fair value of plan assets is as follows:

(CHF million)	CH	UK	USA	OTHER	TOTAL
2013					
Opening fair value of plan assets	292	183	187	63	725
Interest income on plan assets	6	9	7	2	24
Return on plan assets excluding amounts included in net interest expense	21	14	22	-	57
Employer contributions	7	8	10	14	39
Plan participants' contributions	4	1	1	-	6
Net benefit payments	(13)	(7)	(14)	(12)	(46)
Admin expenses paid	-	-	(1)	-	(1)
Settlements	-	-	(8)	-	(8)
Exchange differences	(1)	(1)	(1)	1	(2)
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**316**	**207**	**203**	**68**	**794**

(CHF million)	CH	UK	USA	OTHER	TOTAL
2012 RESTATED					
Opening fair value of plan assets	291	159	167	45	662
Interest income on plan assets	8	8	9	2	27
Return on plan assets excluding amounts included in net interest expense	17	12	11	9	49
Employer contributions	7	8	20	19	54
Plan participants' contributions	4	1	1	-	6
Net benefit payments	(20)	(6)	(13)	(10)	(49)
Admin expenses paid	-	-	(1)	-	(1)
Settlements	(15)	-	-	(1)	(16)
Exchange differences	-	1	(7)	(1)	(7)
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**292**	**183**	**187**	**63**	**725**

There are no reimbursement rights included in plan assets. The actual return on plan assets was a gain of CHF 81 million (2012: gain of CHF 75 million).

Changes in the amount not recognised due to the asset limit are as follows:

(CHF million)	CH	UK	USA	OTHER	TOTAL
2013					
ASSET LIMIT AT 1 JANUARY	-	-	-	-	-
Other changes in unrecognised asset due to the asset ceiling	16	-	-	-	16
Exchange differences	-	-	-	-	-
ASSET LIMIT AT 31 DECEMBER	**16**	-	-	-	**16**

(CHF million)	CH	UK	USA	OTHER	TOTAL
2012 RESTATED					
ASSET LIMIT AT 1 JANUARY	**3**	-	-	-	**3**
Other changes in unrecognised asset due to the asset ceiling	(3)	-	-	-	(3)
Exchange differences	-	-	-	-	-
ASSET LIMIT AT 31 DECEMBER	-	-	-	-	-

The major categories of plan assets at the balance sheet date are as follows:

(CHF million)	CH	UK	USA	OTHER	TOTAL
2013					
Cash and cash equivalent	27	1	1	10	39
Equity securities	83	122	136	3	344
Debt securities	71	84	65	1	221
Insurance policies	-	-	-	55	55
Property	116	-	-	-	116
Investment funds	19	-	-	-	19
Other	-	-	-	-	-
TOTAL PLAN ASSETS AT 31 DECEMBER	**316**	**207**	**203**	**68**	**794**

(CHF million)	CH	UK	USA	OTHER	TOTAL
2012 RESTATED					
Cash and cash equivalent	-	-	-	-	-
Equity securities	82	103	117	-	302
Debt securities	-	-	53	-	53
Insurance policies	-	-	-	42	42
Property	106	-	-	-	106
Investment funds	73	77	6	-	156
Other	30	3	12	21	66
TOTAL PLAN ASSETS AT 31 DECEMBER	**291**	**183**	**188**	**63**	**725**

In 2012, the “Other” assets consist mainly of cash and cash equivalents and assets related to insurance contracts.

SGS occupies property that is included in the Plan assets with a fair value of CHF 6 million (2012: CHF 5 million). The property is rented at fair market rental rates. There are no SGS SA shares or any other financial securities used by the Group included in plan assets.

The plan assets are primarily held within instruments with quoted market prices in an active market, with the exception of the property and insurance policy holdings.

The investment strategy in Switzerland is to invest, within the statutory and legal requirements, in a diversified portfolio which provides a long-term return strategy which will enable the board of the foundation to provide increases to the accounts of the members of the pension fund, whilst taking on the lowest possible risk in order to do so.

In the United States of America, the Pension Plan Target Policy is determined by both quantitatively and qualitatively assessing the risk tolerance level and return requirements of the Plan as determined by the Investment Committee. The investment portfolio asset allocation and structure are developed based on the results of this process.

In the United Kingdom, the Trustees review the investment strategy of the Scheme and the Plan on a regular basis in order to ensure that they remain appropriate. The last review for both the Scheme and Plan has recently been undertaken and is in the process of being implemented.

Actuarial assumptions vary according to local prevailing economic and social conditions. The principal weighted average actuarial assumptions used in determining the cost of benefits for both 2013 and 2012 are as follows:

(Weighted average %)	CH	UK	USA	OTHER
2013				
Discount rate	2.4	4.6	4.9	3.31
Mortality assumption	LPP 2012	S1NA	IRS 2014	-
Salary progression rate	2.0	3.8	3.2	2.3
Future pension increases	0.5	2.3	-	0.5
Healthcare cost trend assumed for the next year	4.0	-	7.5	-
Ultimate trend rate	4.0	-	5.0	-
Year that the rate reaches the ultimate trend rate	-	-	2022	-

(Weighted average %)	CH	UK	USA	OTHER
2012				
Discount rate	2.1	4.8	3.9	3.2
Mortality assumption	LPP 2010	S1NA	IRS 2013	-
Salary progression rate	2.0	3.8	3.2	2.5
Future pension increases	0.5	2.3	-	0.6
Healthcare cost trend assumed for the next year	4.0	-	8.0	-
Ultimate trend rate	4.0	-	5.0	-
Year that the rate reaches the ultimate trend rate	-	-	2019	-

The weighted average rate for each assumption used to measure the benefits obligation is also shown. The assumptions used to determine end-of-year benefits obligation are also used to calculate the following year's cost.

In Switzerland, a decrease in the discount rate of 0.5% per annum would, all other things being equal, increase the obligation by CHF 21 million; a 0.5% increase in assumed salary increases would increase the obligation by CHF 1 million and a one-year increase in members' life expectancy would increase the obligation by approximately CHF 6 million.

In the United States of America a decrease in the discount rate of 0.5% per annum would, all other things being equal, increase the obligation by CHF 15 million; a 0.5% increase in assumed salary increases would increase the obligation by less than CHF 1 million and a one-year increase in members' life expectancy would increase the obligation by approximately CHF 9 million.

In the United Kingdom, a decrease in the discount rate of 0.5% per annum would, all other things being equal, increase the obligation by CHF 18 million; a 0.5% increase in assumed salary increases would increase the obligation by CHF 3 million and a one-year increase in members' life expectancy would increase the obligation by approximately CHF 5 million.

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice; for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the plans.

The amount recognised as an expense in respect of defined contribution plans during 2013 was CHF 61 million (2012: CHF 46 million).

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PROVISIONS

(CHF million)	LEGAL AND WARRANTY CLAIMS ON SERVICES RENDERED	DEMOBILISATION AND REORGANISATION	OTHER PROVISIONS	TOTAL
AT 1 JANUARY 2013	**45**	**38**	**37**	**120**
Acquisitions of subsidiaries	-	-	3	3
Charge to income statement	23	14	9	46
Release to income statement	(12)	(2)	(11)	(25)
Payments	(10)	(11)	(5)	(26)
Exchange differences	(1)	(2)	(1)	(4)
AT 31 DECEMBER 2013	**45**	**37**	**32**	**114**

Analysed as:	2013	2012 RESTATED
Current liabilities	18	23
Non current liabilities	96	97
TOTAL	**114**	**120**

A number of Group companies are subject to litigation and other claims arising out of the normal conduct of their business that can be best viewed as claims on services rendered. The claim provision represents the sum of estimates of amounts payable on identified claims and of losses incurred but not yet reported. They therefore reflect estimates of the future payments required to settle both reported and unreported claims.

The process of estimation is complex, dealing with uncertainty, requiring the use of informed estimates, actuarial assessment, evaluation of the insurance cover where appropriate and the judgement of management. Any changes in these estimates are reflected in the income statement in the period in which the estimates change.

The timing of cash outflows from pending litigation and claims is uncertain since it depends, in the majority of cases, on the outcome of administrative and legal proceedings. The Group does not discount its provisions, as the timing of the cash outflows cannot be reasonably and reliably determined.

In the opinion of management, based on all currently available information, the provisions adequately reflect exposure to legal and warranty claims on services rendered. The ultimate outcome of these matters is not expected to materially affect the Group's financial position, results of operations or cash flows.

For specific long-term contracts, typically with two to five years' duration, the Group is required to dismantle infrastructure and terminate the services of personnel upon completion of the contract. These demobilisation costs are provided for during the life of the contract. Experience has shown that these contracts may be either extended or terminated earlier than expected. The timing of these demobilisation outflows is difficult to assess. The amounts are therefore not discounted.

Other provisions relate to various present legal or constructive obligations of the Group toward third parties, such as termination payment to employees upon leaving the Group, which in some jurisdictions are a legal obligation.

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TRADE AND OTHER PAYABLES

(CHF million)	2013	2012 RESTATED
Trade payables	198	201
Other payables	120	114
Other financial liabilities	184	177
TOTAL	**502**	**492**

Trade accounts and other payables principally comprise amounts outstanding for trade purchases and ongoing operating costs.

At 31 December 2013 and 2012, the fair value of the Group's trade accounts and other payables approximates the carrying value.

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OTHER CREDITORS AND ACCRUALS

(CHF million)	2013	2012 RESTATED
Accrued expenses	506	490
Advance billings	49	59
Advances from clients	36	30
Interest Rate Swap designated in a fair value hedge accounting relationship	5	-
Derivative liabilities	5	9
Total	**601**	**588**

At 31 December 2013 and 2012, the fair value of the Group's other creditors and accruals approximates the carrying value.

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CONTINGENT LIABILITIES

In the normal course of business, the Group and its subsidiaries are parties to various lawsuits and claims. Management does not expect that the outcome of any of these legal proceedings will have a material adverse effect on the Group's financial position, results of operations or cash flows.

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GUARANTEES

(CHF million)	2013 ISSUED	2012 ISSUED
Guarantees	144	113
Performance bonds	228	99
TOTAL	**372**	**212**

The Group has issued unconditional guarantees to certain financial institutions that have provided credit facilities (loans and guarantee bonds) to its subsidiaries. In addition, it has issued performance bonds and bid bonds to commercial customers on behalf of its subsidiaries. Management believes the likelihood that a material payment will be required under these guarantees is remote.

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OPERATING LEASES

Operating lease rentals are payable as follows:

(CHF million)	2013	2012 RESTATED
Less than one year	127	108
Between one and five years	237	247
More than five years	69	67
TOTAL	**432**	**422**

The Group leases the majority of its office and laboratory space, as well as vehicles and equipment. During the year ended 31 December 2013, CHF 154 million was recognised as an expense in the income statement in respect of operating leases (2012: CHF 100 million).

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EQUITY COMPENSATION PLANS

Selected directors and employees of the SGS Group are entitled to participate each year in a share option plan. The benefits consist of the right to buy SGS SA shares (accounted for as equity-settled share-based payment transactions) at a predetermined fixed price through a traded option plan.

i) Grants to Directors and members of the Operations Council

A total of 1 133 018 options granting the right to acquire shares of SGS SA at a strike price of CHF 2 013, [100 options give the right to acquire one share and each option expires in January 2018 (these options hereinafter referred to as SGSWS)] were granted to the members of the Operations Council and the Board of Directors in 2013. One-third of these options vest or have vested in each of the years 2013, 2014 and 2016 and can be exercised or sold between January 2016 and January 2018. At the date of grant, these options had an aggregated value (calculated on the basis required for Swiss tax reporting purposes) of CHF 1 031 046. The estimated fair value at the time of grant of the options granted was CHF 2 526 630.

ii) Grants to other employees

In 2013, an additional 2 066 113 SGSWS options were granted to employees, other than members of the Operations Council and the Board of Directors. One-third of these options vest or have vested in each of the years 2013, 2014 and 2016 and can be exercised or sold between January 2016 and January 2018. At the date of grant, these options had an aggregate value (calculated on the basis required for Swiss tax reporting purposes) of CHF 1 880 163. The estimated fair value at the time of grant of the options granted was CHF 4 607 432.

iii) Long Term Incentive Plans (LTI)

In 2013, no additional grant of options of the discretionary long term incentive plan (SGSMF-2011 LTI) has been made in addition of options granted in 2011 for the same plan to members of the Operations Council and Directors. At the date of grant in 2011, these options had an aggregated value (calculated on the basis required for Swiss tax reporting purposes) of CHF 7 285 000. The estimated fair value of those options granted is CHF 13 395 000. Additional information is disclosed under the Director's report on Corporate Governance in this report (pages 34 to 43).

DESCRIPTION	EXERCISE PERIOD FROM	TO	STRIKE PRICE[1]	OPTIONS OUTSTANDING AT 31 DECEMBER 2012	GRANTED	CANCELLED	EXERCISED OR ADJUSTED	OPTIONS OUTSTANDING AT 31 DECEMBER 2013
SGSMO-ordinarily issued	Jan.11	Jan.13	1 239.50	106 663		-	(106 663)	-
SGSGU-2009	Jan.12	Jan.14	973.57	935 413		(8 000)	(814 252)	113 161
SGSOP-2010	Jan.13	Jan.15	1 240.70	2 757 854		(16 672)	(1 804 564)	936 618
SGSMF-2011	Jan.14	Jan.16	1 528.78	2 992 429		(29 869)	(3 500)	2 959 060
SGSMF-2011 LTI	Jan.15	Jan.16	1 528.78	8 250 000		(140 000)		8 110 000
SGSKF-2012	Jan.15	Jan.17	1 448.85	3 252 371	-	(47 579)	(3 500)	3 201 292
SGSWS-2013	Jan.16	Jan.18	1 989.31		3 199 131	(16 001)		3 183 130
TOTAL				**18 742 359**	**3 199 131**	**(705 750)**	**(2 732 479)**	**18 503 261**
Of which exercisable				1 042 076				897 483

1. The strike price of the options has been adjusted in accordance with market practice for capital reductions and special dividends.

The fair value of share options granted during the year is based on their market value at grant date. All options are publicly traded. The exercise dates are not known to the Group. Correspondingly, the weighted average share price at the date of exercise cannot be calculated.

The Group recognised during the year a total expense of CHF 14 million in relation to all equity-settled share-based payment plans. However, the Board considered by the end of the year that the fulfilment in 2014 of the normalised EPS target [additional information is disclosed under the Director's report on Corporate Governance in this report (pages 34 to 43)] in relation to the 2011 LTI incentive plan was unlikely to reach 100% and has consequently decided to reverse part of the expense recognised since 2011 for these options, resulting in a total net expense for the year of CHF 5 million (2012: CHF 14 million).

Shares available for future option plans:

	TOTAL
AT 1 JANUARY 2012	**(56 543)**
Repurchased shares	6 677
Options granted (SGSKF Plan and adjustments)	(41 619)
Options cancelled	67 033
AT 31 DECEMBER 2012	**(24 452)**
Repurchased shares	18 403
Options granted (SGSWS Plan and adjustments)	(37 537)
Options cancelled	10 397
AT 31 DECEMBER 2013	**(33 189)**

At 31 December, the Group had the following shares available to satisfy the option and share purchase plan programmes:

(CHF million)	2013 TOTAL	2012 TOTAL
Number of shares held	171 596	190 394
Shares allocated to 2008 option plans	-	(9 858)
Shares allocated to 2009 option plans	(6 636)	(20 280)
Shares allocated to 2010 option plans	(15 713)	(29 414)
Shares allocated to 2011 option plans	(117 114)	(117 514)
Shares allocated to 2012 option plans	(33 112)	(37 780)
Shares allocated to 2013 option plans	(32 211)	-
SHARES (REQUIRED) FOR FUTURE OPTION PLANS AT 31 DECEMBER	**(33 189)**	**(24 452)**

The Group has entered into agreements with various banks, whereby the Group has an obligation to offer to sell to the banks the shares underlying the option programme at the relevant strike price whenever these shares become unblocked. The banks are not obliged to purchase these shares.

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RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in the note.

COMPENSATION TO DIRECTORS AND MEMBERS OF THE OPERATIONS COUNCIL

The remuneration of Directors and members of the Operations Council during the year was as follows:

(CHF million)	2013	2012 RESTATED
Short-term benefits	14	14
Post-employment benefits	1	1
Share-based payments [1]	3	2
Severance payments	-	1
TOTAL	**18**	**18**

1. Market value at grant date.

The remuneration of Directors and members of the Operations Council is determined by the Nomination and Remuneration Committee. Additional information is disclosed under the Directors' report on Corporate Governance in this report (pages 34 to 43).

During 2013 and 2012, no member of the Board of Directors or of the Operations Council had a personal interest in any business transactions of the Group.

The Chairman of the Board and the Operations Council (including Senior Management) participate in the share option plans as disclosed in note 31.

In 2013, Directors' fees were CHF 1 720 000 (2012: CHF 1 645 000). In addition, the Chairman of the Board received options for a total value of CHF 189 000 (2012: CHF 89 200).

The total compensation (cash and options, excluding severance payments) received by the Operations Council (including Senior Management) amounted to CHF 15 878 000 (2012: CHF 14 498 000 including long term incentive options granted).

Disclosure of compensation paid to the Board of Directors and Senior Management, as required by Swiss law is presented in the notes to the accounts of SGS SA on pages 110 to 119 of this report.

LOANS TO MEMBERS OF GOVERNING BODIES

As at 31 December 2013, no loan, credit or outstanding advance was due to the Company from members of its governing bodies (unchanged from prior year).

TRANSACTIONS WITH OTHER RELATED PARTIES

During the year, the Group performed inspection, verification, testing and certification services for other related parties on normal commercial terms generating total revenues of CHF 9.0 million (2012: CHF 13.6 million). Related trade receivable balances unpaid as at 31 December 2013 amounted to CHF 0 million (2012: CHF 5.2 million). No expense was incurred in 2013 and in 2012 in respect of any bad or doubtful debts due from these related parties.

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SIGNIFICANT SHAREHOLDERS

As at 31 December 2013, Groupe Bruxelles Lambert acting through Serena Sàrl held 15.00% (2012: 0%), Mr. August von Finck and members of his family acting in concert held 14.97% (2012: 14.97%) and the Bank of New York Mellon Corporation held 3.18% (2012: 3.26%) of the share capital and voting rights of the Company.

At the same date, SGS Group held 2.19% of the share capital of the Company (2012: 2.43%).

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APPROVAL OF FINANCIAL STATEMENTS AND SUBSEQUENT EVENTS

The Board of Directors is responsible for the preparation and presentation of the financial statements. These financial statements were authorised for issue by the Board of Directors on 31 January 2014, and will be submitted for approval by the Annual General Meeting of Shareholders' to be held on 13 March 2014.

On 16 January 2014, the Group announced the acquisition of 100% of Nemko Oy, the Finnish subsidiary of the Nemko Group, based in Finland (effective 1 January 2014).

Deloitte.

REPORT OF THE STATUTORY AUDITOR

To the General Meeting of
SGS SA, GENEVA

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of the SGS Group presented on pages 48 to 100, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements for the year ended 31 December 2013.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

DELOITTE SA

James Baird
Licensed Audit Expert
Auditor in Charge

Fabien Bryois
Licensed Audit Expert

Geneva, 31 January 2014

NO ZZA

SGS SA RESULTS

INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER

(CHF million)	NOTES	2013	2012
INCOME			
Dividends from subsidiaries		744	341
Financial income	5	36	61
Other income		1	2
TOTAL INCOME		**781**	**404**
EXPENSES			
Administrative expenses		(4)	(4)
Liquidation of subsidiaries, net		0	-
Depreciation		0	0
Financial expenses	5	(37)	(35)
Other expenses		(3)	(4)
Exchange loss, net		(11)	(8)
TOTAL EXPENSES		**(55)**	**(51)**
PROFIT			
Profit before taxes		726	353
Taxes		(9)	(9)
PROFIT FOR THE YEAR		**717**	**344**

BALANCE SHEET AT 31 DECEMBER
(BEFORE APPROPRIATION OF AVAILABLE RETAINED EARNINGS)

(CHF million)	NOTES	2013	2012
ASSETS			
NON-CURRENT ASSETS			
Land and buildings		3	3
Financial assets			
Investments in subsidiaries		1 131	1 117
Loans to subsidiaries		1 156	597
Other financial assets		1	1
TOTAL NON-CURRENT ASSETS		**2 291**	**1 718**
CURRENT ASSETS			
Amounts due from subsidiaries		354	801
Other current assets		16	9
Cash and cash equivalents		268	297
TOTAL CURRENT ASSETS		**638**	**1 107**
TOTAL ASSETS		**2 929**	**2 825**
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	2 & 3	8	8
General reserve	2	34	34
Reserve for own shares	2	204	208
Retained earnings	2	839	562
TOTAL EQUITY		**1 085**	**812**
LIABILITIES			
Non-current liabilities			
Corporate bonds	4	1 275	1 275
Current liabilities			
Provisions		36	36
Amounts due to subsidiaries		514	681
Other liabilities and accruals		19	21
TOTAL LIABILITIES		**1 844**	**2 013**
TOTAL EQUITY AND LIABILITIES		**2 929**	**2 825**

SGS SA ("the Company") is the ultimate parent company of the SGS Group which owns and finances, either directly or indirectly, its subsidiaries and joint ventures throughout the world. The financial statements are prepared in accordance with the accounting principles required by Swiss law. During the year, there were no changes to the accounting policies.

NOTES

1

SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are valued at acquisition cost less an adjustment for impairment where appropriate.

FOREIGN CURRENCIES

Balance sheet items denominated in foreign currencies are converted at year end exchange rates with the exception of investments in subsidiaries which are valued at the historical exchange rate. All unrealised gains and losses arising on foreign exchange transactions are included in the determination of the net profit except long-term unrealised gains which are deferred.

RISK ASSESSMENT

Risks potentially threatening the Group's ability to meet its strategic objectives are monitored on an ongoing basis by the Board of Directors through the approval of all major investments, transactions and changes by the Operations Council. In addition, in conjunction with the Operations Council, an annual risk assessment process is conducted to ensure the Group is responding effectively to changes in economic conditions, market dynamics and internal developments.

The annual risk assessment process is conducted in three stages. Individual members of the Operations Council, on a rotation basis, are requested to identify the key risks for their areas of responsibility that could prevent the Group from delivering its strategy and achieving its business objectives. All such risks are then ranked according to their potential significance, their likelihood and how effectively management is able to manage the exposure. By applying this framework, the key business risks profile of the Group across geographies and business segments is identified and tracked from one year to the next.

On behalf of the full Board of Directors, the Audit Committee reviews and discusses with management, and in the presence of the external auditors, the outcome of the above risk assessment process. Special focus is placed on ensuring that the risk profile covers all areas of concern identified by the Board and that the Operations Council has put in place internal controls to monitor the evolution of such risks and mitigate their likely impact at an early stage. The outcome of the above process was approved by the Board of Directors on 18 October 2013.

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TOTAL EQUITY

(CHF million)	SHARE CAPITAL	GENERAL RESERVE	RESERVE FOR OWN SHARES	RETAINED EARNINGS	TOTAL
BALANCE AT 1 JANUARY 2012	**8**	**34**	**239**	**683**	**964**
Dividends paid	-	-	-	(496)	(496)
Decrease in the reserve for own shares	-	-	(31)	31	-
Profit for the year	-	-	-	344	344
BALANCE AT 31 DECEMBER 2012	**8**	**34**	**208**	**562**	**812**
Dividends paid	-	-	-	(444)	(444)
Decrease in the reserve for own shares	-	-	(4)	4	-
Profit for the year	-	-	-	717	717
BALANCE AT 31 DECEMBER 2013	**8**	**34**	**204**	**839**	**1 085**

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SHARE CAPITAL

	SHARES IN CIRCULATION	TREASURY SHARES	TOTAL SHARES ISSUED	TOTAL SHARE CAPITAL CHF (MILLION)
BALANCE AT 1 JANUARY 2012	**7 563 860**	**258 576**	**7 822 436**	**8**
Treasury shares released into circulation	74 859	(74 859)	-	-
Treasury shares purchased, net	(6 677)	6 677	-	-
BALANCE AT 31 DECEMBER 2012	**7 632 042**	**190 394**	**7 822 436**	**8**
Treasury shares released into circulation	37 201	(37 201)	-	-
Treasury shares purchased, net	(18 403)	18 403	-	-
BALANCE AT 31 DECEMBER 2013	**7 650 840**	**171 596**	**7 822 436**	**8**

Issued share capital

SGS SA has a share capital of CHF 7 822 436 (2012: CHF 7 822 436) fully paid-in and divided into 7 822 436 (2012: 7 822 436) registered shares of a par value of CHF 1. All shares, other than own shares, participate equally in the dividends declared by the Company and have equal voting rights.

Treasury shares

On 31 December 2013, SGS SA, indirectly, held 171 596 of its own shares for which SGS SA has recorded a “reserve for own shares”.

In 2013, 37 201 treasury shares were sold or released to cover option rights and 18 403 treasury shares have been purchased for an average price of CHF 2 088. A corresponding movement in the reserve for own shares, has been recorded.

Authorised and conditional issue of share capital

The Board of Directors has the authority to increase the share capital of the Company by a maximum of 500 000 registered shares of a par value of CHF 1 each, corresponding to a maximum increase of CHF 500 000 in share capital. The Board is authorised to issue the new shares at the market conditions prevailing at the time of issue. In the event that the new shares are issued for an acquisition, the Board is authorised to waive the shareholders’ preferential right of subscription, or to allocate such subscription rights to third parties. The authority delegated by the shareholders to the Board of Directors to increase the share capital is valid until 19 March 2015.

The shareholders have conditionally approved an increase of share capital in the amount of CHF 1 100 000 divided into 1 100 000 registered shares of a par value of CHF 1 each. This conditional share capital increase is intended to obtain the necessary shares to satisfy employee share option plans and option or conversion rights to be incorporated in convertible bonds or similar equity-linked instruments that the Board is authorised to issue. The right to subscribe to such conditional capital is reserved to beneficiaries of employee share option plans and holders of convertible bonds or similar debt instruments and therefore excludes shareholders’ preferential rights of subscription. The Board is authorised to determine the timing and conditions of such issues, provided that they reflect prevailing market conditions. The term of exercise of the options or conversion rights may not exceed 10 years from the date of issuance of the equity-linked instruments.

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CORPORATE BONDS

Bonds are recorded at nominal value. SGS SA issued the following bonds:

DATE OF ISSUE	FACE VALUE IN CHF MILLION	COUPON IN %	YEAR OF MATURITY	ISSUE PRICE IN %	REDEMPTION PRICE IN %
19.08.2010	550	1.875	2016	100.346	100.000
08.03.2011	375	2.625	2019	100.832	100.000
27.05.2011 [1]	275	3.000	2021	100.480	100.000
27.05.2011 [2]	75	1.875	2016	99.591	100.000

1. SGS SA entered into an Interest Rate Swap (IRS) agreement for the duration of this bond.

2. Re-opening of the six-year bond issued on 19 August 2010.

The Group has listed all the bonds on the SIX Swiss Exchange.

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FINANCIAL INCOME AND FINANCIAL EXPENSES

(CHF million)	2013	2012
FINANCIAL INCOME		
Interest income 3rd party	0	34
Interest income Group	36	27
TOTAL FINANCIAL INCOME	**36**	**61**
FINANCIAL EXPENSES		
Interest expenses 3rd party	(28)	(27)
Interest expenses Group	(2)	(3)
Other financial expenses	(7)	(5)
TOTAL FINANCIAL EXPENSES	**(37)**	**(35)**

On 18 July 2012, the Group received a cash amount of CHF 33 million in relation with the re-setting of the Interest Rate Swap agreement to market rates. These cash proceeds were recognised in 2012 as interest income in the income statement.

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GUARANTEES AND COMFORT LETTERS

(CHF million)	2013 ISSUED	2013 UTILISED	2012 ISSUED	2012 UTILISED
Guarantees	184	92	154	87
Performance bonds	22	22	14	14
TOTAL	**206**	**114**	**168**	**101**

The Company has unconditionally guaranteed or provided comfort to financial institutions providing credit facilities (loans and guarantee bonds) to its subsidiaries. In addition, it has issued performance bonds to commercial customers on behalf of its subsidiaries.

The Company is part of a VAT Group comprising itself and other Group companies in Switzerland.

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FIRE INSURANCE VALUE OF FIXED ASSETS

(CHF million)	2013	2012
Buildings	15	15

8

SUBSIDIARIES

The list of principal group subsidiaries appears in the Annual Report on pages 128 to 131.

9

COMPENSATION, SHAREHOLDINGS AND LOANS

This section of the Corporate Governance Report serves as the Company's remuneration report.

In accordance with the recommendations of the Swiss Code of Best Practice for Corporate Governance in this matter, this section of the Report will be subject to a consultative vote at the next Annual General Meeting of Shareholders.

9.1. COMPANY'S REMUNERATION POLICIES

The Company's remuneration policies are defined by the Board of Directors. The objectives of these policies are twofold: a) to attract and retain the best talent available in the industry; and b) to motivate employees and managers to create and protect value for shareholders by generating long-term sustainable financial achievements.

The Board of Directors is responsible for determining the remuneration of the Chairman and the directors. It also decides on the remuneration and terms of employment of the Chief Executive Officer, based upon the recommendations of the Nomination and Remuneration Committee. It additionally determines the financial targets upon which the variable element of the remuneration of the Operations Council and other Group senior executives is based, and defines the conditions of all share option plans (including Long Term Incentive (LTI) plans) as well as the allocation of such options and the conditions of their granting, vesting and exercise. All general executive remuneration policies, including the criteria and weighting of financial targets relevant to the assessment of the variable element of executive remuneration, are approved by the Board of Directors.

The Board of Directors is assisted in its work by a Nomination and Remuneration Committee (the Committee), which consists of independent non-executive Directors. The Committee acts in part in an advisory capacity to the Board, and in part as a decision-making body on matters that the Board has delegated to the Committee. The Committee reviews regularly, at least once a year, the compensation of each member of the Operations Council (other than the Chief Executive Officer), and decides on all matters relating to the remuneration of these executives.

The Chairman of the Board is not allowed to participate in discussions and decisions on his own compensation. General executive remuneration policies, including the implementation of long term incentive plans, are decided by the Board, on the recommendation of the Committee.

The following Directors served on the Nomination and Remuneration Committee in 2013:

- Sergio Marchionne (Chairman)
- August von Finck
- John Elkann (until July 2013)
- Ian Gallienne (since July 2013)

The following chart summarises the authorisation levels for the main decisions relating to compensation of Board and Operations Council Members.

SUBJECT MATTER	RECOMMENDATION	DECISION
Compensation of Board Members	Committee [1]	Board of Directors
Compensation of Chairman	Committee [1]	Board of Directors
Remuneration of CEO	Committee [1]	Board of Directors
Remuneration of other Operations Council Members	CEO	Committee [1]
Issuance of Long Term Incentive Plans	Committee [1]	Board of Directors
Setting of annual financial targets for variable remuneration of Operations Council Members	CEO	Board of Directors
Issuance of Annual Share Options Plans	CEO	Committee [1]

1. Nomination and Remuneration Committee.

When reviewing and deciding on executive remuneration policies, the Committee and the Board have access to Group Human Resources staff and may use third party consultants specialising in compensation matters. In 2013, neither the Committee nor the Board had recourse to such external advisors.

Benchmark

A global business in a broad range of sectors, SGS's business success is driven by the commitment and engagement of its key employees. Our compensation policy must take account of both global and local practices, whilst allowing for individual variations. We therefore compare our practices with those of other, similar organisations.

The Group performs periodic benchmarks against companies which satisfy the following criteria

- All SMI listed companies
- Internationally active companies within and outside Switzerland which operate in one or more of the industry sectors in which SGS is active, including the energy, mining, industrial, chemical, medical goods, pharmaceutical, durable and non-durable goods, and food sectors, such as Alstom, GlencoreXstrata, Siemens, DuPont, Baxter, Actelion, Schindler, Amcor
- Competitors in the testing, inspection and certification industry, such as Bureau Veritas, Intertek, DNV, TÜV.

Elements of executive remuneration benchmarked include annual base salary, allowances, short-term and long-term incentive compensation, and benefits as set out elsewhere.

To arrive at these benchmarks we use proprietary job sizing methodology in order to obtain publicly and commercially available information. Since nearly half of our Operations Council members are based outside Switzerland, we utilise information published by reputable data providers, including Mercer and Towers Watson, who are able to supply information on both a local and a global basis.

Compensation Principles

a) Board of Directors

The members of the Board of Directors are entitled to a fixed annual Board Membership fee and additional annual fees for participation in Board Committees. Board members do not receive additional compensation for attending meetings. With the exception of the Chairman, Board members do not receive any variable remuneration, options or shares.

The Chairman receives a fixed annual fee and additional fixed fees for chairing the Board Committees. He also receives share options issued by the Company under its annual and long term incentive plans. The conditions of grant, vesting and exercise of options awarded to the Chairman are the same as those applicable to the members of the Operations Council. The Board decides the number of such options on the basis of an assessment of the Company's finance performance and the Chairman's personal contribution. The Chairman does not receive any variable cash remuneration.

b) Operations Council

The remuneration earned by the Chief Executive Officer and by members of the Operations Council comprises: (i) a fixed base salary including benefits; (ii) an annual performance bonus, settled in part in cash and in part by way of options with deferred vesting, granted under annual share options plan; and (iii) long term incentive plan(s). The Company considers that payment of variable remuneration in the form of equity linked instruments whose vesting and exercise is deferred is a key mechanism to align management's incentives to the interests of shareholders.

Employment Contracts

Directors do not hold service contracts and are not entitled to any termination or severance payments. They do not participate in the Company's share option plans (except for the Chairman) or other benefit schemes and the Company does not make any pension contributions on their behalf.

Employment contracts of Operations Council members have no fixed term and can be terminated at any time by either party, provided a standard notice period (six months) is respected. The Chief Executive Officer's employment contract provides for a severance payment equivalent to two years' total remuneration payable in the event that the employment contract is terminated or constructively terminated (including in the event of a change of control) by the Company, other than for cause. No severance payment is due if the employment relationship is terminated in any other circumstance. No other executive contract provides for any material change of control protection.

The table below summarises the various components of the compensation of Operations Council members, including the Chief Executive Officer:

COMPENSATION ELEMENT	COMPENSATION VEHICLE	DRIVERS	PERFORMANCE MEASURES	PURPOSE
Base Salary	Monthly cash salary	Position and experience, market practice	Market practice, executive benchmark of international companies in relevant markets	Attract and retain key executives
Annual Bonus	50% cash / 50% allocation of stock options, with deferred vesting and blocking periods	Achievement of annual business and financial objectives	Financial targets: (i) Group Net Profit After Tax and Adjusted Operating Income for the Group as a whole, for regional or business units; (ii) measures of Economic Value Added; and (iii) Earnings Per Share (EPS)	Pay for performance
Discretionary Bonus	Cash	Rewarding individual achievements or exceptional performance	Discretionary allocations do not exceed 10% of Operations Council overall remuneration	Attract and retain key executives, recognise individual performance
Long Term Incentives	Stock options award, with vesting conditional upon achieving the Group objectives	Achievement of long-term strategic plans stated by the Group	Earnings Per Share targets	Align executive compensation with interests of shareholders

Base salary

The base salaries of the Chief Executive Officer and of each Operations Council member are reviewed annually on the basis of market data for similar positions in those companies and geographies against which the Group benchmarks itself.

In addition to individual performance and contribution, business performance and results, the deciding body takes into account the scope and complexity of the areas of responsibility of the position, skill sets and experience, and relevant market practice in the industry.

Additional employment benefits such as allowances or memberships may be awarded in accordance with prevailing practice in the locations of employment of individual Operations Council members. Retirement benefits are set out elsewhere in this Report.

Geneva based Operations Council members participate, on the same basis as other Swiss employees of the Group, in the Company's pension scheme. In view of the increased life expectancy and challenges brought about by investment volatility, the defined benefit scheme and the defined contribution scheme have been merged into one unique defined contribution scheme, effective 1 May 2013. This enables better risk sharing, cost savings on administration and asset management fees. The new scheme also brings our employees more transparency and equality of treatment. New features have been introduced to provide them with more flexibility in their retirement benefit through a modern and competitive plan.

Employees contribute 8% of their base salary and the Company contributes an amount equal to one and a half times the contributions paid by all employees to the scheme. Employees have the possibility to increase their contribution rate by 2% above the standard rate. More flexibility have also been granted to employees who wish to fund a potential retirement before the normal age, or for those who wish to continue working after the age of 65.

Annual bonus

In addition to the base salary, members of the Operations Council (including the Chief Executive Officer) are entitled to a performance-related annual bonus. For this purpose, the Company defines annual targets at the beginning of the year for the Chief Executive Officer and for each Operations Council member. Relevant targets for the calculation of the Annual Bonus of the CEO are based on the Group Earnings Per Share (EPS). For the heads of corporate functions (SVPs) targets are based 100% on the Group Net Profit After Tax. For EVPs, the relevant targets relate for 50% to the Adjusted Operating Income of their respective business and for 50% to the Group Net Profit After Tax. For COOs, the relevant targets are for 62.5% their respective region's Adjusted Operating Income and Economic Value Added and for 37.5% the Group Net Profit After Tax. Bonuses are assessed and awarded to the Operations Council members on the basis of the actual performance against the predefined targets.

If targets are achieved they trigger the entitlement to an annual incentive bonus. Once the amount of a bonus is determined, it is settled 50% in cash and 50% in options. The cash component of the bonus is payable immediately. The economic value of the options which is used to convert a bonus entitlement into a number of options is fixed by the Company on the basis of a calculation of the value of the options at grant, taking into account a discount for the three years blocking period during which the options cannot be traded or exercised. The share options are granted immediately, but they vest rateably in three equal instalments over a period of three years and are only exercisable in the fourth and fifth year after grant. Unvested options are subject to forfeiture if the beneficiary leaves the Group for reasons other than retirement, disability or death.

For this purpose, the Company issues Annual Share Option plans, in the form of traded warrants which are listed on the Swiss Stock Exchange. These warrants incorporate a right to buy shares in the Company at a predetermined fixed price through the grant of traded options. The strike price is determined for each plan on the basis of the average trading price of the Company's shares in the last three months prior to the year of grant.

These Annual Share Option plans serve (i) to pay part of the annual performance bonuses to Members of the Operations Council; (ii) to allocate options to the Chairman; and (iii) to be awarded as an incentive to other selected employees of the Group. All beneficiaries receive these options under the same conditions of vesting and exercise.

The table below summarises the components of the annual performance targets and how these components are weighted, depending on the function of the respective Operations Council member:

Annual bonus formula

	EARNINGS PER SHARE *(EPS)*	**PERFORMANCE OF THE GROUP** *(Net Profit After Tax)*	**BUSINESS PERFORMANCE** *(Adjusted Operating Income of the relevant business)*	**REGIONAL PERFORMANCE** *(Adjusted Operating Income and Economic Value Added of the relevant region)*
CEO	100%	-	-	-
SVPs (heads of corporate functions)	-	100%	-	-
EVPs	-	50%	50%	-
COOs	-	37.5%	-	62.5%

Discretionary bonus

In addition to the performance-related Annual Bonus which is structured to take account of quantitative performance targets, the Board of Directors and the Compensation Committee may also grant individual Operations Council members a discretionary bonus, based on qualitative individual performance.

Discretionary bonuses are granted at the same time as the Annual Bonus and are awarded on an exceptional basis to reward outstanding personal achievement, recognising extraordinary achievement in developing and integrating new business and cross-business improvements.

The total of discretionary bonuses does not exceed 10% of the Operations Council's overall remuneration costs.

For 2013, a total of CHF 1 210 000 in discretionary bonuses was awarded to Operations Council members.

Long Term Incentive Plans

In addition to the annual bonus, the Group periodically sets Long Term Incentive (LTI) Plans. Such plans are designed to motivate the leadership team to achieve the long-term stated objectives of the Group. They consist of options granted to a selected number of senior executives of the Group, the vesting of which is conditional upon: (1) the Group achieving or exceeding stated earnings per share targets; and (2) the beneficiary being employed by the Group on the vesting date.

In 2011, the Company introduced a long term incentive plan (the 2011 LTI Plan) for which vesting is conditional upon the Group achieving or exceeding in 2014 EPS targets ranging from CHF 115 (minimum performance allowing a partial vesting of 50% of options granted under the Plan) to CHF 140 (full vesting of options granted under the Plan). In 2013, the Board of Directors reviewed these EPS targets and decided to introduce a normalisation in order to exclude material distortions caused by foreign exchange fluctuations, the issuance of corporate bonds and the adoption of new accounting standards since the inception of the LTI plan.

The 2011 LTI Plan involved the granting of options to acquire shares of the Company at a strike price of CHF 1 617. Such options are in the form of traded warrants, with 100 warrants required to purchase one share. The Group originally set aside 9 000 000 such warrants for this incentive plan. This plan is designed to motivate the leadership team to achieve the long-term stated objective by 2014.

Full details of this long term incentive plan are provided in note 31 to the Group consolidated financial statements (pages 97 to 99 of the Annual Report). In 2013, no new Long Term Incentive Plan was introduced by the Group and no additional options were granted to members of the Operations Council in 2013 under the existing 2011 LTI Plan.

The following table shows the strike price, the vesting period and the exercisable period of the options[1] granted to the Chairman of the Board and to the members of the Operations Council under each plan. It includes options granted in January 2014 with respect to performance and financial results in 2013:

I Annual Share Option Plans

TYPE OF OPTIONS (Year of issue)	STRIKE PRICE (CHF)[2]	VESTING DATE 1/3 OF OPTIONS GRANTED	VESTING DATE 1/3 OF OPTIONS GRANTED	VESTING DATE 1/3 OF OPTIONS GRANTED	PERIOD OF EXERCISE
SGSOP (2010)	1 339	01.2010	07.2011	01.2013	01.2013 - 01.2015
SGSMF (2011)	1 617	01.2011	07.2012	01.2014	01.2014 - 01.2016
SGSKF (2012)	1 497	01.2012	07.2013	01.2015	01.2015 - 01.2017
SGSWS (2013)	2 013	01.2013	07.2014	01.2016	01.2016 - 01.2018
SGSPF (2014)[3]	2 059	01.2014	07.2015	01.2017	01.2017 - 01.2019
II Long Term Incentive Plan					
SGSMF-2011 LTI (2011)				01.2015[4]	01.2015 - 01.2016

1. One hundred options give the right to acquire one share.

2. Before adjustment for capital reductions and special dividends.

3. Granted in 2014 in settlement of 2013 annual variable remuneration.

4. Vesting conditional on minimum EPS target reached in 2014.

RELATIONSHIP BETWEEN ANNUAL VARIABLE COMPENSATION AND BASE SALARY

The portion of fixed and variable remuneration, as a percentage of the total remuneration in any given year, depends on the extent to which pre-defined targets and objectives have been achieved. Assuming achievement of targets, the annual variable component of the Operations Council members' remuneration (annual bonus including cash and options award), expressed as a percentage of their respective annual remuneration ranges between 32% and 48% of their total annual compensation.

If targets are exceeded, annual bonuses are increased on a multiplier basis with a maximum payout which could correspond to a range between 54% and 70% of their respective total annual compensation.

In the event of underperformance against targets, the bonus is rateably reduced on a multiplier basis, so that no bonus is paid in the event that a pre-established minimum target is not achieved.

TOTAL COMPENSATION (EXCLUDING LONG TERM INCENTIVE PLANS) FOR THE CHIEF EXECUTIVE OFFICER

	BELOW MINIMUM TARGET PERFORMANCE	ON TARGET PERFORMANCE	MAXIMUM PERFORMANCE
Base salary	100%	52%	30%
Variable cash compensation	0%	24%	35%
Variable Annual Option allocation (value at grant date)	0%	24%	35%

In 2013, the variable cash element of the Chief Executive Officer’s compensation represented 26% of the total compensation (2012: 32%) and the allocation of options represented 31% of the total compensation (2012: 7%).

For the Operations Council as a whole, the variable cash element of the compensation in 2013 amounted to 24% of the total compensation (2012: 25%) and the allocation of options represented 18% of the total compensation (2012: 18%).

Total compensation includes the guaranteed part (base salary) and the variable part of the compensation. It excludes fringe and social benefits.

9.2. COMPENSATION FOR MEMBERS OF GOVERNING BODIES

The bonus settled in options is disclosed as part of the compensation for the year to which it relates (and not for the year it was approved).

9.2.1. Board of Directors

In 2013, the annual board membership fee was CHF 150 thousand for all board members, unchanged from the prior year. Members of the Board serving on a Committee were entitled to an additional fee of CHF 30 thousand per committee, unchanged from last year.

The annual fee payable to the Chairman was CHF 300 thousand, unchanged from the prior year.

The Chairman was awarded, by decision of the Board of Directors 75 000 options under the 2014 Annual Share Options Plan in consideration of the 2013 annual performances (2012: 40 000 SGSWS options under the 2013 Annual Share Options Plan). The conditions of vesting and exercise of these options are the same as those granted to the management under these plans.

The following chart details the fees, other cash benefits and share options granted to each of the Directors for their tenure in 2013:

(CHF thousand)	BOARD FEE	COMMITTEE FEE	OTHER BENEFITS	TOTAL CASH COMPENSATION 2013	SHARE OPTIONS	TOTAL 2013 COMPENSATION (INCLUDING OPTIONS)
S. Marchionne	300	90	25	415	189 [1]	604 [1]
T.R. Brandolini d'Adda [3]	75	15	–	90	–	90 [2]
P. Desmarais [3]	75	-	–	75	–	75
J. Elkann [3]	75	15	–	90	–	90 [2]
A. von Finck	150	30	–	180	–	180
A.F. von Finck	150	30	–	180	–	180
I. Gallienne [3]	75	15	–	90	–	90
C. Grupp	150	-	–	150	–	150
P. Kalantzis	150	30	–	180	–	180
G. Lamarche [3]	75	15	–	90	–	90
S.R. du Pasquier	150	30	–	180	–	180
TOTAL	**1 425**	**270**	**25**	**1 720**	**189**	**1 909**

1. 75 000 SGSPF granted in January 2014 in relation to the 2013 financial results.

2. Board and committees fees for T.R. Brandolini d'Adda and J. Elkann have been paid to Exor Investissements SA, Luxembourg.

3. 2013 fees paid prorata temporis.

The following chart details the fees, other cash benefits and share options granted to each of the Directors for their tenure in 2012:

(CHF thousand)	BOARD FEE	COMMITTEE FEE	OTHER BENEFITS	TOTAL CASH COMPENSATION 2012	SHARE OPTIONS	TOTAL 2012 COMPENSATION (INCLUDING OPTIONS)
S. Marchionne	300	90	25	415	89 [1]	504
T.R. Brandolini d'Adda [2]	150	30	–	180	–	180
J. Elkann [2]	150	30	–	180	–	180
A. von Finck	150	30	–	180	–	180
A.F. von Finck	150	30	–	180	–	180
C. Grupp	150	-	–	150	–	150
P. Kalantzis	150	30	–	180	–	180
S.R. du Pasquier	150	30	–	180	–	180
TOTAL	**1 350**	**270**	**25**	**1 645**	**89**	**1 734**

1. 40 000 SGSWS granted in January 2013 in relation to the 2012 financial results.

2. Board and committees fees for T.R. Brandolini d'Adda and J. Elkann have been paid to Exor Investissements SA, Luxembourg.

The following table shows the details of the options[1] granted to the Chairman of the Board under each Annual Share Option Plans and Long Term Incentive Plans:

TYPE OF OPTIONS (YEAR OF ISSUE) (CHF)	STRIKE PRICE[2] (CHF)	TOTAL NUMBER OF OPTIONS GRANTED UNDER EACH PLAN	MARKET VALUE AT GRANT (THOUSAND)	NUMBER VESTED ON 31 DECEMBER 2013
SGSGU (2009)	1 064	96 619	238	96 619
SGSOP (2010)	1 339	50 000	155	50 000
SGSMF (2011)	1 617	50 000	142	33 332
SGSKF (2012)	1 497	50 000	133	33 333
SGSWS (2013)	2 013	40 000	89	13 334
SGSPF (2014)[3]	2 059	75 000	189	-
SGSMF-2011 LTI (2011)[4]	1 617	200 000	570	-

1. One hundred options give the right to acquire one share.

2. Before adjustment for capital reductions and special dividends.

3. Granted in 2014 on the basis of 2013 financial results.

4. Vesting conditional on minimum EPS target reached in 2014.

9.2.2. Compensation to the Operations Council, Senior Management and Chief Executive Officer

This section sets out the global remuneration which was paid to the Operations Council as a whole, to the three Operations Council members who make up Senior Management and to the Chief Executive Officer during 2013. All amounts disclosed in this section include cash bonuses payable and options granted in January 2014 with respect to performance in 2013 and the related financial results.

9.2.2.1. Cash compensation

(CHF thousand)	2013	2012
To the Operations Council (including Senior Management)	CHF 12 245	CHF 12 140
To Senior Management (including Chief Executive Officer)	CHF 2 582	CHF 2 509
To the Chief Executive Officer	CHF 1 672	CHF 1 545

The total cash compensation paid to the Operations Council excludes severance payments (see section 5.2.2.5.). Post employment benefits of CHF 1 298 thousand are not included (2012: CHF 1 567 thousand).

9.2.2.2. Share options

Annual Share Options Plans

In settlement of 2013 annual bonus entitlements, a total of 926 061 SGSPF options (2012: 1 057 102 SGSWS options granted in January 2013) were granted to the Operations Council (including Senior Management) in January 2014 on the basis of 2013 results.

Such SGS options grant the right to acquire shares of SGS at a strike price of CHF 2 059 (100 options give the right to acquire one share). They vest in tranches of one-third in 2014, 2015 and 2017 and are subject to a blocking period ending in January 2017. All options granted to the Operations Council on the basis of the 2013 results had a fair value at grant of CHF 2 335 thousand (2012: CHF 2 357 thousand).

The Senior Management was awarded a total of 354 020 SGSPF options granted in January 2014 (2012: 163 223 SGSWS options granted in January 2013). This number includes 282 818 SGSPF options (2012: 48 577 SGSWS options granted in January 2013) awarded to the Chief Executive Officer.

Long Term Options Plan

Under the 2011 LTI Plan, a total of 4 320 000 SGSMF-2011 LTI options were granted to the Operations Council members as at 31 December 2013 (including Senior Management) in 2011. The vesting of such options in January 2015 is conditional upon the Group achieving or exceeding EPS targets ranging between CHF 115 (minimum performance allowing a partial vesting under the Plan) and CHF 140 (full vesting of options granted under the Plan) in 2014. In 2013, the Board of Directors reviewed these EPS targets and decided to introduce a normalisation in order to exclude material distortions caused by foreign exchange fluctuations, the issuance of corporate bonds and the adoption of new accounting standards since the inception of the LTI plan. If targets defined by the plan are not reached, they will be forfeited.

The Senior Management was awarded a total of 1 120 000 SGSMF-2011 LTI options under the 2011 LTI Plan. This number includes 800 000 options awarded to the Chief Executive Officer.

The following table presents details of the share options awarded to members of the Operations Council, Senior Management and the CEO, and shows those options which have been granted, vested and/or became exercisable in 2013. It includes options granted in January 2014 with respect to performance and financial results in 2013.

In 2013, no new Long Term Incentive Plan was introduced by the Group and no additional options were granted to members of the Operations Council in 2013 under the existing 2011 LTI Plan.

This table relates to the individuals who were members of the Operations Council as at 31 December 2013:

TYPE OF OPTIONS [1] (YEAR OF ISSUE)	STRIKE PRICE (CHF) [2]	TOTAL NUMBER OF OPTIONS GRANTED UNDER EACH PLAN	MARKET VALUE AT GRANT (THOUSAND)	NUMBER VESTED ON 31 DECEMBER 2013
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT AND CHIEF EXECUTIVE OFFICER)				
SGSOP (2010)	1 339	594 741	1 844	594 741
SGSMF (2011)	1 617	872 389	2 486	581 593
SGSKF (2012)	1 497	986 587	2 624	657 725
SGSWS (2013)	2 013	1 036 765	2 312	345 588
SGSPF (2014) [3]	2 059	926 061	2 335	-
SGSMF-2011 LTI [4]	1 617	4 320 000	12 312	-
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)				
SGSOP (2010)	1 339	92 803	288	92 803
SGSMF (2011)	1 617	246 769	703	164 512
SGSKF (2012)	1 497	282 863	752	188 575
SGSWS (2013)	2 013	163 223	364	54 408
SGSPF (2014) [3]	2 059	354 020	893	-
SGSMF-2011 LTI [4]	1 617	1 120 000	3 192	-
CHIEF EXECUTIVE OFFICER				
SGSOP (2010)	1 339	42 647	132	42 647
SGSMF (2011)	1 617	174 920	499	116 614
SGSKF (2012)	1 497	180 225	479	120 150
SGSWS (2013)	2 013	48 577	108	16 192
SGSPF (2014) [3]	2 059	282 818	713	-
SGSMF-2011 LTI [4]	1 617	800 000	2 280	-

1. One hundred options give the right to acquire one share.

2. Before adjustment for capital reductions and special dividends.

3. Granted in 2014 in settlement of 2013 bonus entitlements.

4. Vesting conditional on minimum EPS target reached in 2014.

9.2.2.3. Total compensation to the Operations Council, Senior Management and Chief Executive Officer

The table below presents all components of the remuneration earned in 2013 by the Operations Council, by the Senior Management and by the Chief Executive Officer. It does not take into account the potential value of options granted in 2011 under the 2011 Long Term Incentive Plan, whose vesting in 2015 is conditional upon the Group achieving minimum normalised EPS targets in 2014.

(CHF thousand)	BASE SALARY	CONTRIBUTION TO PENSION BENEFITS	OTHER EMPLOYMENT BENEFITS	ANNUAL CASH BONUS	ANNUAL GRANT OF SHARE OPTIONS	DISCRETIONARY CASH BONUS	TOTAL 2013 COMPENSATION (INCLUDING OPTIONS)	TOTAL 2012 COMPENSATION (INCLUDING OPTIONS)
To the Operations Council (including Senior Management)	7 737	1 298	1 291	2 007	2 335	1 210	15 878	14 498 [1]
To Senior Management (including Chief Executive Officer)	1 679	332	92	751	893	60	3 807	2 872 [1]
To the Chief Executive Officer	1 000	178	72	600	713	-	2 563	1 652 [1]

1. 2012 figures did not include contribution to pension benefits.

9.2.2.4. Highest total compensation

In the year under review, the highest compensation paid by the Group was awarded to the CEO (see 5.2.2.3).

9.2.2.5. Severance payments

In 2013, an amount of CHF 150 thousand was recognised as severance payments to Operations Council members (2012: CHF 626 thousand).

9.2.2.6. Loans to members of governing bodies

As at 31 December 2013, no loan, credit or outstanding advance was due to the Group from members of its governing bodies (unchanged from prior year).

9.3. SHARES AND OPTIONS HELD BY MEMBERS OF GOVERNING BODIES

9.3.1. Shares and options held by Members of the Board of Directors

The following table shows the shares and vested options held by Members of the Board of Directors as at 31 December 2013:

NAME	SGSOP	SGSMF	SGSKF	SGSWS	SHARES
S. Marchionne	50 000	33 332	33 333	13 334	700
A. von Finck	-	-	-	-	19 670
A.F. von Finck	-	-	-	-	439 515
C. Grupp	-	-	-	-	1
P. Kalantzis	-	-	-	-	20
S.R. du Pasquier	-	-	-	-	10
P. Desmarais	-	-	-	-	10
I. Gallienne	-	-	-	-	1
G. Lamarche	-	-	-	-	25

The following table shows the shares and vested options held by Members of the Board of Directors as at 31 December 2012:

NAME	SGSGU	SGSOP	SGSMF	SGSKF	SHARES
S. Marchionne	-	33 332	33 332	16 666	700
T.R. Brandolini d'Adda	-	-	-	-	1
J. Elkann	-	-	-	-	1
A. von Finck	-	-	-	-	19 670
A.F. von Finck	-	-	-	-	439 515
C. Grupp	-	-	-	-	1
P. Kalantzis	-	-	-	-	20
S.R. du Pasquier	-	-	-	-	10

9.3.2. Shares and options held by Senior Management

The following table shows the shares and vested options held by Senior Management as at 31 December 2013:

NAME	CORPORATE RESPONSIBILITY	SGSOP	SGSMF	SGSKF	SGSWS	SHARES
C. Kirk	Chief Executive Officer	42 647	116 612	120 150	16 192	1 199
G. Matchett	Chief Financial Officer	-	25 284	41 055	23 794	-
O. Merkt	General Counsel & Chief Compliance Officer	11 000	22 614	27 370	14 421	45

The following table shows the shares and vested options held by Senior Management as at 31 December 2012:

NAME	CORPORATE RESPONSIBILITY	SGSGU	SGSOP	SGSMF	SGSKF	SHARES
C. Kirk	Chief Executive Officer	380 000	28 430	116 612	60 075	1 199
G. Matchett	Chief Financial Officer	-	15 747	25 284	20 528	-
O. Merkt	General Counsel & Chief Compliance Officer	-	17 690	22 614	13 685	45

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SIGNIFICANT SHAREHOLDERS

As at 31 December 2013, Groupe Bruxelles Lambert acting through Serena Sàrl held 15.00% (2012: 0%), Mr. August von Finck and members of his family acting in concert held 14.97% (2012: 14.97%) and the Bank of New York Mellon Corporation held 3.18% (2012: 3.26%) of the share capital and voting rights of the Company.

At the same date, SGS Group held 2.19% of the share capital of the Company (2012: 2.43%).

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF AVAILABLE RETAINED EARINGS

(CHF)	**2013**	**2012**
Profit for the year	716 901 451	344 300 612
Balance brought forward from previous year	119 625 639	189 002 408
Dividend paid on own shares released into circulation in 2012 prior the Annual General Meeting on 22 March 2012	-	(2 935 141)
Dividend paid on own shares released into circulation in 2013 prior the Annual General Meeting on 19 March 2013	(1 650 158)	-
Reversal from the reserve for own shares	4 305 538	31 916 195
TOTAL RETAINED EARNINGS AVAILABLE FOR APPROPRIATION	**839 182 470**	**562 284 075**
Proposal of the Board of Directors:		
Dividends [1]	(497 304 600)	(442 658 436)
BALANCE CARRIED FORWARD	**341 877 870**	**119 625 639**
Ordinary gross dividend per registered share	65.00	30.00
Additional gross dividend per registered share	-	28.00
TOTAL DIVIDEND PER REGISTERED SHARE	**65.00**	**58.00**

1. No dividend is paid on own shares held directly or indirectly by SGS SA.

Deloitte.

REPORT OF THE STATUTORY AUDITOR

To the General Meeting of
SGS SA, GENEVA

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of SGS SA presented on pages 104 to 120, which comprise the income statement, balance sheet and notes for the year ended 31 December 2013.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

DELOITTE SA

James Baird
Licensed Audit Expert
Auditor in Charge

Fabien Bryois
Licensed Audit Expert

Geneva, 20 January 2014

DATA

SGS GROUP – FIVE YEAR STATISTICAL DATA CONSOLIDATED INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER

(CHF million)	2013	2012[1]	2011	2010	2009
REVENUES	**5 830**	**5 569**	**4 797**	**4 757**	**4 712**
Salaries and wages	(2 871)	(2 733)	(2 304)	(2 228)	(2 229)
Subcontractors' expenses	(357)	(338)	(331)	(313)	(319)
Depreciation, amortisation and impairment	(298)	(280)	(225)	(225)	(228)
Other operating expenses	(1 392)	(1 384)	(1 147)	(1 155)	(1 142)
OPERATING INCOME (EBIT)	**912**	**834**	**790**	**836**	**794**
Analysis of operating income					
Adjusted operating income	**977**	**930**	**815**	**848**	**822**
Restructuring costs	(33)	(68)	-	-	(20)
Amortisation of acquisition intangibles	(20)	(16)	(16)	(8)	(8)
Transaction and integration-related costs	(12)	(12)	(9)	(4)	-
Other non-recurring items					
Operating income	**912**	**834**	**790**	**836**	**794**
Financial income/(expense)	(38)	(41)	(26)	(7)	(3)
PROFIT BEFORE TAXES	**874**	**793**	**764**	**829**	**791**
Taxes	(236)	(214)	(203)	(215)	(200)
PROFIT FOR THE YEAR	**638**	**579**	**561**	**614**	**591**
Profit attributable to:					
Equity holders of SGS SA	600	545	534	588	566
Non-controlling interests	38	34	27	26	25
ADJUSTED OPERATING INCOME MARGINS IN %	**16.8**	**16.7**	**17.0**	**17.8**	**17.4**
AVERAGE NUMBER OF EMPLOYEES	**80 510**	**76 790**	**67 633**	**60 321**	**57 153**

1. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

SGS GROUP – FIVE YEAR STATISTICAL DATA CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER

(CHF million)	2013	2012[1]	2011	2010	2009
Land, buildings and equipment	1 029	1 015	888	756	751
Goodwill and other intangible assets	1 216	1 172	1 044	982	777
Investments in associated and other companies	18	17	1	2	1
Deferred tax and other non-current assets	215	266	247	235	228
TOTAL NON-CURRENT ASSETS	**2 478**	**2 470**	**2 180**	**1 975**	**1 757**
Unbilled revenues and inventories	330	302	257	217	201
Trade accounts and notes receivable	952	977	868	772	812
Other receivables and prepayments	306	255	244	202	174
Cash and marketable securities	973	987	1 211	815	792
TOTAL CURRENT ASSETS	**2 561**	**2 521**	**2 580**	**2 006**	**1 979**
TOTAL ASSETS	**5 039**	**4 991**	**4 760**	**3 981**	**3 736**
Share capital	8	8	8	8	8
Reserves	2 135	2 052	1 987	2 061	2 065
Equity attributable to equity holders of SGS SA	**2 143**	**2 060**	**1 995**	**2 069**	**2 073**
Non-controlling interests	69	58	50	39	37
TOTAL EQUITY	**2 212**	**2 118**	**2 045**	**2 108**	**2 110**
Loans and obligations under finance leases	1 293	1 305	1 299	553	8
Deferred tax liabilities	66	72	58	63	77
Provisions and retirement benefit obligations	190	273	275	254	249
TOTAL NON-CURRENT LIABILITIES	**1 549**	**1 650**	**1 632**	**870**	**334**
Loans and obligations under finance leases	15	17	6	3	308
Trade and other payables	502	492	447	401	388
Current tax liabilities	142	103	86	91	72
Provisions, other creditors and accruals	619	611	544	508	524
TOTAL CURRENT LIABILITIES	**1 278**	**1 223**	**1 083**	**1 003**	**1 292**
TOTAL LIABILITIES	**2 827**	**2 873**	**2 715**	**1 873**	**1 626**
TOTAL EQUITY AND LIABILITIES	**5 039**	**4 991**	**4 760**	**3 981**	**3 736**
CAPITAL EXPENDITURE					
Land, buildings and equipment	357	386	345	261	221

1. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).

SGS GROUP – FIVE YEAR STATISTICAL SHARE DATA

(CHF unless indicated otherwise)	2013	2012[1]	2011	2010	2009
SHARE INFORMATION					
REGISTERED SHARES					
Number of shares issued	7 822 436	7 822 436	7 822 436	7 822 436	7 822 436
Number of shares with dividend rights	7 650 840	7 632 042	7 596 871	7 629 482	7 568 664
PRICE					
High	2 450	2 156	1 724	1 704	1 400
Low	1 952	1 559	1 255	1 332	1 036
Year-end	2 052	2 026	1 555	1 569	1 351
Par value	1	1	1	1	1
KEY FIGURES BY SHARES					
Equity attributable to equity holders of SGS SA per share in circulation at 31 December	280.08	269.95	263.75	272.53	276.36
Basic earnings per share[2]	78.43	71.52	70.52	77.64	75.48
Dividend per share ordinary	65.00[3]	30.00	30.00	30.00	30.00
Dividend per share special	-[3]	28.00	35.00	35.00	30.00
Total dividend per share	65.00	58.00	65.00	65.00	60.00
DIVIDENDS (CHF MILLIONS)					
Ordinary	497[3]	229	228	229	227
Special	-[3]	214	266	267	227
Total	497	443	494	496	454

1. Restated figures as a result of changes in accounting standards (see Note 2 in the consolidated financial statements).
2. Calculation of the basic earnings per share (weighted average for the year) is disclosed in note 9, page 68.
3. As proposed by the Board of Directors.

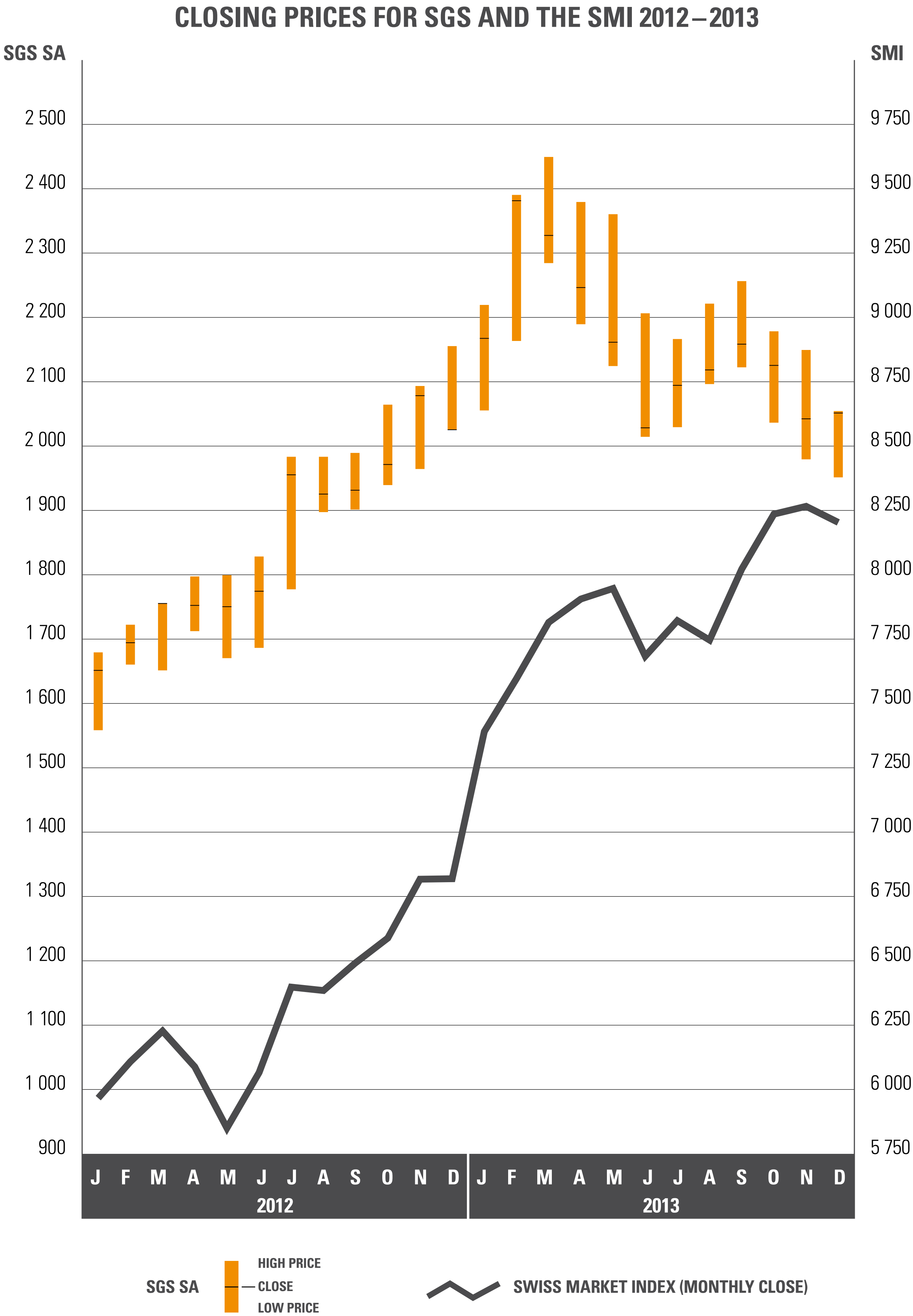
SGS GROUP SHARE INFORMATION

SHARE TRANSFER

SGS SA has no restrictions as to share ownership, except that registered shares acquired in a fiduciary capacity by third parties may not be registered in the shareholders' register, unless a special authorisation has been granted by the Board of Directors.

MARKET CAPITALISATION

At the end of 2013, market capitalisation was approximately CHF 16 052 million (2012: CHF 15 848 million). Shares are quoted on the SIX Swiss Exchange.


CLOSING PRICES FOR SGS AND THE SMI 2012 – 2013
SGS SA
SMI
2 500
2 400
2 300
2 200
2 100
2 000
1 900
1 800
1 700
1 600
1 500
1 400
1 300
1 200
1 100
1 000
900
9 750
9 500
9 250
9 000
8 750
8 500
8 250
8 000
7 750
7 500
7 250
7 000
6 750
6 500
6 250
6 000
5 750
J F M A M J J A S O N D
2012
J F M A M J J A S O N D
2013
SGS SA
HIGH PRICE
CLOSE
LOW PRICE
SWISS MARKET INDEX (MONTHLY CLOSE)

SGS GROUP PRINCIPAL OPERATING COMPANIES AND ULTIMATE PARENT

COUNTRY	NAME AND DOMICILE	ISSUED CAPITAL CURRENCY	ISSUED CAPITAL AMOUNT	% HELD BY GROUP	DIRECT / INDIRECT
Albania	SGS Albania Ltd., Tirana	ALL	100 000	100	D
Albania	SGS Automotive Albania sh.p.k., Tirana	ALL	190 000 100	100	I
Algeria	Qualitest Algérie SPA, Alger	DZD	50 000 000	100	D
Algeria	Société de Contrôle Technique Automobile S.A., Rouiba-Alger	DZD	173 600 000	77	D
Angola	SGS Angola Limitada, Luanda	AOA	8 000 000	100	D
Argentina	SGS Argentina S.A., Buenos Aires	ARS	4 171 536	100	D
Argentina	ITV SA, Buenos Aires	ARS	1 500 000	100	I
Australia	SGS Australia Pty. Ltd., Perth	AUD	200 000	100	I
Australia	Gearhart Australia Limited, Perth	AUD	5 609 210	100	I
Austria	SGS Austria Controll-Co. Ges.m.b.H., Vienna	EUR	185 000	100	D
Azerbaijan	SGS Azeri Ltd., Baku	USD	100 000	100	D
Bahamas	SGS Bahamas Ltd., Freeport	BSD	5 000	100	D
Bangladesh	SGS Bangladesh Limited, Dhaka	BDT	10 000 000	100	D
Belarus	SGS Minsk Ltd., Minsk	USD	20 000	100	D
Belgium	SGS Belgium N.V., Antwerpen	EUR	2 178 200	100	I
Benin	SGS Bénin S.A., Cotonou	XOF	10 000 000	100	D
Bolivia	SGS Bolivia S.A., La Paz	BOB	41 900	100	D
Bosnia-Herzegovina	SGS Bosna i Hercegovina (d.o.o.) Ltd., Sarajevo	BAM	2 151	100	I
Botswana	SGS Botswana (Proprietary) Limited, Gaborone	BWP	1 000	100	D
Brazil	SGS do Brasil Ltda., São Paulo	BRL	68 009 486	100	D
Brazil	SGS Enger Engenharia Ltda, Barueri-SP	BRL	3 000 000	100	I
Bulgaria	SGS Bulgaria Ltd., Sofia	BGN	10 000	100	D
Burkina Faso	SGS Burkina S.A., Ouagadougou	XOF	10 000 000	100	D
Cameroon	SGS Cameroun S.A., Douala	XAF	10 000 000	100	D
Canada	SGS Canada Inc., Missisauga	CAD	20 900 000	100	D
Chile	SGS Chile Limitada, Santiago de Chile	CLP	9 394 781 237	100	D
Chile	CIMM Tecnologias y Servicios S.A., Santiago de Chile	CLP	6 715 706 117	100	I
China	SGS-CSTC Standards Technical Services Ltd., Beijing	USD	3 966 667	85	I
Colombia	SGS Colombia S.A., Bogota	COP	29 084 965 360	100	D
Colombia	Estudios Técnicos S.A., (ETSA), Bogota	COP	265 739 000	100	I
Congo	SGS Congo S.A., Pointe-Noire	XAF	10 000 000	100	D
Croatia	SGS Adriatica, w.l.l., Zagreb	HRK	1 300 000	100	I
Czech Republic	SGS Czech Republic s.r.o., Praha	CZK	7 707 000	100	I
Denmark	SGS Danmark A/S, Glostrup	DKK	700 000	100	I
Democratic Republic of Congo	SGS RDC SPRL, Kinshasa	USD	50 000	100	D
Dubai	*(see United Arab Emirates)*				
Ecuador	SGS del Ecuador S.A., Guayaquil	USD	147 680	100	D
Egypt	SGS Egypt Ltd., Cairo	EGP	1 500 000	100	D
Estonia	SGS Estonia Ltd., Tallinn	EUR	42 174	100	I

COUNTRY	NAME AND DOMICILE	ISSUED CAPITAL CURRENCY	ISSUED CAPITAL AMOUNT	% HELD BY GROUP	DIRECT / INDIRECT
Ethiopia	SGS Ethiopia Private Limited, Addis Abeba	ETB	15 000	100	D
Finland	SGS Inspection Services Oy, Helsingfors	EUR	102 000	100	I
Finland	SGS Fimko Oy, Helsingfors	EUR	260 000	100	I
France	SGS Oil, Gas & Chemicals, SAS, Arcueil	EUR	2 320 000	100	I
France	SGS Qualitest Industrie SAS, Orsay	EUR	200 000	100	I
France	Securitest S.A., Paris	EUR	2 745 000	92.14	I
Georgia	SGS Georgia Ltd., Batumi	USD	80 000	100	D
Germany	SGS Gottfeld NDT Services GmbH, Herne	EUR	750 000	100	I
Germany	SGS Germany GmbH, Hamburg	EUR	1 210 000	100	I
Germany	SGS Institut Fresenius GmbH, Taunusstein	EUR	7 490 000	100	I
Germany	SGS-TÜV GmbH, Sulzbach	EUR	750 000	74.9	I
Ghana	SGS Ghana Limited, Accra	GHS	4 005 202	100	D
Ghana	Ghana Community Network Services Limited, Accra	GHS	1 978 604	60	D
Great Britain	SGS United Kingdom Limited, Ellesmere Port	GBP	8 000 000	100	I
Great Britain	SGS M-Scan Limited, Ellesmere Port	GBP	139	100	I
Greece	SGS Greece SA, Peristeri	EUR	301 731	100	D
Guam	SGS Guam, Guam	USD	25 000	100	D
Guatemala	SGS Cenral America S.A., Guatemala-City	GTQ	1 068 000	100	D
Guinea-Conakry	SGS Guinée Conakry S.A., Conakry	GNF	50 000 000	100	D
Guinea-Equatorial	Compañia de Inspecciones y Servicios G.E., Malabo	XAF	10 000 000	51	D
Hong Kong	SGS Hong Kong Limited, Hong Kong	HKD	200 000	100	D
Hungary	SGS Hungária Kft., Budapest	HUF	518 000 000	100	I
India	SGS India Private Ltd., Mumbai	INR	800 000	100	D
Indonesia	P.T. SGS Indonesia, Jakarta	USD	200 000	100	D
Iran	SGS Iran (Private Joint Stock) Limited, Tehran	IRR	50 000 000	100	D
Ireland	SGS Ireland (Holdings) Limited, Dublin	EUR	62 500	100	I
Italy	SGS Italia S.p.A., Milan	EUR	2 500 000	100	I
Ivory Coast	SGS Côte d'Ivoire S.A., Abidjan	XOF	300 000 000	100	D
Ivory Coast	Société Ivoirienne de Contrôles Techniques Automobiles et Industriels S.A., Abidjan	XOF	200 000 000	95	D
Jamaica	SGS Supervise Jamaica Limited, Kingston	JMD	1 569 520	100	D
Japan	SGS Japan Inc., Yokohama	JPY	100 000 000	100	D
Jordan	SGS (Jordan) Private Shareholding Company, Amman	JOD	100 000	50	D
Kazakhstan	SGS Kazakhstan Limited, Almaty	KZT	146 527	100	D
Kenya	SGS Kenya Limited, Mombasa	KES	2 000 000	100	D
Korea (Republic of)	SGS Korea Co., Ltd., Seoul	KRW	9 617 540 000	100	D
Kuwait	SGS Kuwait W.L.L., Kuwait	KWD	50 000	49	D
Latvia	SGS Latvija Limited, Riga	LVL	83 200	100	I
Lebanon	SGS (Liban) S.A.L., Beirut	LBP	30 000 000	99.99	D

COUNTRY	NAME AND DOMICILE	ISSUED CAPITAL CURRENCY	ISSUED CAPITAL AMOUNT	% HELD BY GROUP	DIRECT / INDIRECT
Liberia	SGS Liberia Inc, Monrovia	LRD	100	100	D
Lithuania	SGS Klaipeda Ltd., Klaipeda	LTL	40 000	100	I
Luxembourg	SGS Luxembourg S.A., Windhof	EUR	38 000	100	I
Madagascar	SGS Madagascar SARL, Antananarivo	MGA	20 000 000	100	I
Madagascar	Malagasy Community Network Services S.A., Antananarivo	MGA	10 000 000	70	D
Malawi	SGS Malawi Limited, Blantyre	MWK	30 000	100	D
Malaysia	Petrotechnical Inspection (Malaysia) Sdn. Bhd., Kuala Lumpur	MYR	500 000	70	D
Malaysia	SGS (Malaysia) Sdn. Bhd., Kuala Lumpur	MYR	60 000	100	I
Mali	SGS Minéral Mali Sàrlu, Kayes	XOF	2 500 000	100	D
Mauritius	SGS (Mauritius) LTD, Phoenix	MUR	100 000	100	D
Mexico	SGS de Mexico, S.A. de C.V., Mexico	MXN	7 065 828	100	D
Moldova	SGS (Moldova) S.A., Chisinau	MDL	488 050	100	D
Mongolia	SGS Mongolia LLC, Ulaanbaatar	USD	10 000	100	D
Morocco	SGS Maroc S.A., Casablanca	MAD	12 000 000	100	D
Morocco	SGS Maroc Automotive SA, Casablanca	MAD	33 000 000	75	D
Mozambique	SGS Mozambique, Limitada, Maputo	MZM	100 000	100	D
Myanmar	SGS (Myanmar) Limited, Yangon	MMK	300 000	100	D
Namibia	SGS Inspection Services Namibia (Propietary) Limited, Windhoek	NAD	100	100	I
Netherlands	SGS Nederland B.V., Spijkenisse	EUR	250 000	100	I
Netherlands	SGS Horizon B.V., Gravenhage	EUR	45 000	100	I
New Zealand	SGS New Zealand Limited, Auckland-Onehunga	NZD	4 522 190	100	D
Nigeria	SGS Inspection Services Nigeria Limited, Lagos	NGN	200 000	50	D
Norway	SGS Norge A/S, Austrheim	NOK	803 000	100	I
Oman	SGS Gulf Upstream, Oman (Branch office)	-	-	-	-
Pakistan	SGS Pakistan (Private) Limited, Karachi	PKR	2 300 000	100	D
Panama	SGS Panama Control Services Inc., Panama	USD	850 000	100	D
Papua-New-Guinea	SGS PNG Pty. Limited, Port Moresby	PGK	2	100	I
Paraguay	SGS Paraguay S.A., Asunción	PYG	1 962 000 000	100	D
Peru	SGS del Perú S.A.C., Lima	PEN	11 738 890	100	D
Philippines	SGS Philippines, Inc., Manila	PHP	24 620 000	100	D
Poland	SGS Polska Sp.z o.o., Warsaw	PLN	10 144 200	100	I
Poland	SGS EKO-PROJEKT Sp. z.o.o., Pszczyna	PLN	2 559 000	100	I
Portugal	SGS Portugal - Sociedade Geral de Superintendência SA, Lisboa	EUR	500 000	100	I
Romania	SGS Romania S.A., Bucharest	RON	100 002	100	I
Russia	SGS Vostok Limited, Moscow	RUB	8 000 000	100	D
Saudi Arabia	SGS Inspection Services Saudi Arabia Ltd., Jeddah	SAR	1 000 000	75	D

COUNTRY	NAME AND DOMICILE	ISSUED CAPITAL CURRENCY	ISSUED CAPITAL AMOUNT	% HELD BY GROUP	DIRECT / INDIRECT
Senegal	SGS Sénégal S.A., Dakar	XAF	35 000 000	100	D
Serbia	SGS Beograd d.o.o., Beograd	EUR	66 161	100	I
Sierra Leone	SGS (SL) Ltd., Freetown	SLL	200 000 000	100	D
Singapore	SGS Testing & Control Services Singapore Pte Ltd., Singapore	SGD	100 000	100	D
Slovakia	SGS Slovakia spol.s.r.o., Kosice	EUR	19 917	100	I
Slovenia	SGS Slovenija d.o.o. - Podjetje za kontrol blaga, Koper	EUR	10 432	100	I
South Africa	SGS South Africa (Proprietary) Limited, Johannesburg	ZAR	5 100 006	100	D
Spain	SGS Española de Control S.A., Madrid	EUR	240 000	100	I
Spain	SGS Tecnos, S.A., Sociedad Unipersonal, Madrid	EUR	92 072 034	100	I
Spain	General de Servicios ITV, S.A., Madrid	EUR	4 559 657	100	I
Sri Lanka	SGS Lanka (Private) Limited, Colombo	LKR	9 000 000	100	D
Sweden	SGS Sweden AB, Göteborg	SEK	1 500 000	100	I
Switzerland	SGS Société Générale de Surveillance SA, Geneva	CHF	10 000 000	100	I
Switzerland	SGS SA, Geneva	CHF	7 822 436		Ultimate parent company
Switzerland	SGS Group Management SA, Geneva	CHF	100 000	100	I
Taiwan	SGS Taiwan Limited, Taipei	TWD	62 000 000	100	I
Tanzania	SGS Tanzania Superintendence Co. Limited, Dar-es-Salaam	TZS	250 000	100	D
Thailand	SGS (Thailand) Limited, Bangkok	THB	20 000 000	99.99	D
Togo	SGS Togo S.A., Lomé	XOF	10 000 000	100	D
Tunisia	SGS Tunisie S.A., Tunis	TND	49 500	50	D
Turkey	SGS Supervise Gözetme Etud Kontrol Servisleri Anonim Sirketi, Istanbul	TRY	6 550 000	100	I
Turkmenistan	SGS Turkmen Ltd., Ashgabat	USD	50 000	100	D
Uganda	SGS Uganda Limited, Kampala	UGX	5 000 000	100	D
Ukraine	SGS Ukraine, Foreign Enterprise, Odessa	USD	400 000	100	I
United Arab Emirates	SGS Gulf Limited, Abu Dhabi, (Branch office)	–	–	–	–
United States	SGS North America Inc., Wilmington	USD	73 701 996	100	I
Uruguay	SGS Uruguay Limitada, Montevideo	UYU	1 500	100	D
Uruguay	Sociedad Uruguaya de Control Técnico de Automotores Sociedad Anónima, Montevideo	UYU	24 000	100	I
Uzbekistan	SGS Tashkent Ltd., Tashkent	USD	50 000	100	D
Venezuela	SGS Venezuela S.A., Caracas	VEF	162 980	100	D
Vietnam	SGS Vietnam Ltd., Ho Chi Minh City	USD	288 000	100	D
Zambia	SGS Inspections Services Ltd., Lusaka	ZMK	5 000 000	100	I
Zimbabwe	SGS Zimbabwe (Private) Limited, Harare	ZWD	5 000	100	D

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SIX Swiss Exchange, SGSN

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COMMON STOCK SYMBOLS

Bloomberg: Registered Share: SGSN.VX

Reuters: Registered Share: SGSN.VX

Telekurs: Registered Share: SGSN

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ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders will be held on 13 March 2014 in Geneva.

PROJECT MANAGEMENT

Carole Streng

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