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MESSAGE OF THE CHIEF EXECUTIVE OFFICER

DEAR SUPPLIERS,

SGS champions sustainability through its whole value chain and publishes regular and honest reports on its corporate sustainability performance. Suppliers are important stakeholders to SGS and we are committed to engage in an ongoing dialogue to reach the highest social, economic and environmental standards.

This SGS Supplier Code of Conduct ("Code") sets out the basis of our responsible sourcing approach. It defines not only the non-negotiable minimum standards that we ask our suppliers to respect when conducting business with SGS but also the expression of values which are shared throughout SGS, its various businesses and affiliates and that we encourage our suppliers to adhere to.

As an industry leader, we hold ourselves to the highest standard of professional behaviour. We trust that this Code facilitates the implementation of our sustainability agenda, leads to transparent and ethical behaviour and enhances SGS’s credibility in corporate sustainability management and leadership.

Frankie Ng
Chief Executive Officer
INTRODUCTION

PURPOSE

The Code builds on the SGS 6 business principles and the 10 guiding principles for sustainable business. It is organised in four Sustainability Principles – Professional Excellence, People, Environment and Community – the Sustainability Principles reinforce the values which have shaped SGS culture. Trust, honesty and transparency, accountability, fairness and respect remain as relevant today as they were when SGS was founded more than 140 years ago.

The Sustainability Principles outlined in the Code have been developed in consultation with managers across the business as well as external stakeholders. They have also been benchmarked against internationally recognised best practice frameworks. We base our Human Rights commitment on the International Bill of Human Rights consisting of the UN's Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Labour Organisation’s fundamental conventions on Rights at Work. We support the OECD Guidelines for Multinational Enterprises.

Lastly, these Sustainability Principles reflect the most important sustainability issues for SGS, as analysed through our comprehensive materiality process, and set out in the resulting materiality matrix. Each of the Sustainability Principles is underpinned by our policies and the SGS Code of Integrity, which are formally monitored to ensure adherence to SGS's strict standards.

SCOPE AND IMPLEMENTATION

This Code applies to all SGS suppliers (defined as a person or company supplying a product or service to SGS) and their affiliates and applies to all products and services that SGS purchases. We strongly encourage our suppliers to promote the requirements of this Code within their own supply chain, and will give recognition to suppliers who do this.

HOW WE WORK WITH OUR SUPPLIERS

We have a wide and diverse range of suppliers. We have developed a comprehensive but flexible 3-stage process for identifying, assessing and managing the risk in our supply chain, as defined by our 4 sustainability principles. It allows us to focus on the areas of greatest risk and greatest potential benefit. It enables us to work co-operatively with our suppliers to mitigate the risk and maximise the benefits.

Stage 1 – screening

We conduct an initial screening of our suppliers by considering the following criteria:

- The spend per year by supplier

Stage 2 – pre-qualification

Our global standard procurement ‘prequalification process’ includes a self-assessment questionnaire which covers a series of key questions on SGS’ requirements for suppliers set out under our four Sustainability Principles. We use this questionnaire for both potential new and existing suppliers, on a regular basis.

Stage 3 – audit

Suppliers who are judged to represent the highest potential risk (on the basis of the two previous stages) are then audited against the standards set out by SEDEX.

CONTINUOUS IMPROVEMENT & MONITORING

Reaching the standards established in this Code is a dynamic process and SGS encourages suppliers to continuously improve their operations. In case of improvement required, SGS will advise on the establishment of milestones and systems to achieve mandatory and preferred practice.

SGS will continuously monitor suppliers’ compliance with the standards set out in this Code of Conduct by asking suppliers to provide relevant information and through audits by third parties and visits by SGS personnel.

SGS reserves the right to terminate an agreement with any supplier who does not comply with the Code.

RAISING A CONCERN

SGS holds itself, its affiliates, officers and employees to the highest ethical standards embodied in the SGS Code of Integrity. If for any reason, suppliers have concerns about possible violations of this SGS Code of Integrity by an SGS representative, they can raise the matter with the SGS Chief Compliance Officer at:

SGS SA / for the Attention of the SGS Chief Compliance Officer / 1 Place des Alpes, P.O. Box 2152, CH – 1211 Geneva 1

Or by Our Integrity Helpline: integrityhelpline.sgs.com

Phone +1 (800) 461-9330 (toll free number/line open 24 hours, every day)

+41 (0)22 739 91 00

Fax +41 (0)22 739 98 81 (line answered during business hours in Geneva)

SGS will ensure that no supplier faces any form of retaliation or adverse consequences for having reported in good faith a violation of the SGS Code of Integrity.
4 PRINCIPLES UNDERLYING
SGS SUPPLIER CODE OF CONDUCT

PROFESSIONAL EXCELLENCE – ENSURING INTEGRITY

SGS maintains the highest levels of integrity. Our reputation has been built through decades of unwavering adherence to our values, and we have a responsibility to our clients and to each other to maintain this high standard.

We therefore expect every supplier to respect our values.

COMPLIANCE WITH LAWS AND REGULATIONS

The Supplier shall adhere to all applicable laws and regulations in which they operate. This includes laws and legal environmental requirements in the countries in which the supplier operates and international laws (including those relating to international trade, data protection and anti-trust/competition laws).

Furthermore SGS encourages its suppliers to strive to comply with international and industry standards and best practices.

The Supplier is required to cooperate fully with any appropriately authorised internal or external investigation and should never withhold, tamper with or fail to communicate relevant information in connection with an appropriately authorised investigation.

Where the provisions of law and this Code address the same subject, the provision which affords the greater protection should be applied.

BRIBERY AND CORRUPTION

Corruption, extortion, and embezzlement, in any form, are strictly prohibited. Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted. The supplier shall have a company-wide code of conduct, including measures to eliminate corruption as well as an appropriate whistle-blowing procedure.

In no circumstance shall the supplier offer bribes or facilitation payments, or grant any advantage, whether directly or indirectly, or offer any gift or entertainment to public officials with the aim of influencing its decision, or encourage the supplier to secure an improper advantage for SGS.

Violations of these principles will result in the immediate termination of business relations with SGS and may be reported to competent authorities.

CONFLICTS OF INTEREST

In their dealings with SGS, the supplier shall avoid all conflicts of interest. All and any conflict of interest in any business dealings with SGS, of which the supplier is aware, will be declared to SGS to allow SGS the opportunity to take appropriate action. In particular, the supplier shall in no circumstance offer any payment or personal advantage to any SGS employees or representatives in exchange for conducting business with SGS. The supplier is encouraged to report to the SGS Chief Compliance Officer any request or attempt by SGS employees to gain a personal advantage.

FINANCIAL RECORDS, MONEY LAUNDERING AND INSIDER TRADING

All business and commercial dealings are recorded with the name of the contracted vendor, supplier or other third party and we expect full collaboration in the case of audits and access to evidence. No confidential information in the supplier’s possession regarding SGS shall be used to either engage in or support insider trading.

All information provided by SGS shall be used only for its intended and designated purpose. The supplier must respect intellectual property rights and safeguard SGS proprietary information; transfer of technology and know-how must be done in a manner that protects intellectual property rights.

REPRESENTATION

The supplier shall have processes in place to ensure that representation of SGS by its workforce or representing agents follow the SGS brand guidelines and social media policy when contributing to a conversation where they refer to the fact that they work for SGS. Specific guidelines require suppliers to:

• Exercise good judgment – only share content you would feel comfortable sharing with your manager, your colleagues or on the front page of a newspaper
• Add value – when sharing work-related content, provide useful information or insight that is relevant to your network
• Confidentiality is crucial – do not share confidential and proprietary information directly or in writing or online
• Transparency is key – identify yourself and declare that you work for SGS if talking about our activity
• Respect your audience – do not engage in any conduct that would not be acceptable in the workplace. Your behaviour should be consistent with the SGS Business Principles

ETHICAL BUSINESS CONDUCT

The supplier shall conduct its business using competitive and fair market practices. It must not engage in any understanding or agreements with competitors with the effect of biasing or improperly influencing the markets in which it operates.
The supplier must not obtain confidential information on competitors by using illegal or unethical means.

When participating to a competitive tender to procure goods or services to SGS, the supplier shall not attempt to reach understandings with its competitors about prices or market allocation, or otherwise attempt to influence improperly the competitive process. Failure to comply with this principle will result in the immediate termination of business relations with SGS.

**PEOPLE**

SGS supports and respects the protection of human rights. We believe in acting ethically and we respect human dignity. We continuously assess the direct and indirect human rights impacts of our operations and seek to recognise our responsibilities under the UN Guiding Principles on Business and Human Rights. Furthermore, we provide a safe and secure working environment, and promote the health and wellbeing of our employees. We ensure that our employees have the necessary training and equipment to conduct their duties safely.

We therefore expect our suppliers to respect the dignity and human rights of everyone they engage with, such as employees, local communities, suppliers, and other stakeholders. We also expect our suppliers to uphold a duty of care for health and safety, both within their own organisation and as regards the products or services they provide. As such, SGS strongly encourages its suppliers to work towards alignment to the ISO26000 standard.

**PREVENTION OF INDEPENDENT LABOUR AND HUMAN TRAFFICKING**

All work must be voluntary and workers shall be free to leave work or terminate their employment with reasonable notice. The supplier shall not traffic in persons or use any form of slave, forced, bonded, indentured, or prison labour. The supplier shall ensure that third-party agencies providing workers are compliant with the provisions of the Code.

**PROMOTING DIVERSITY AND AVOIDING DISCRIMINATION**

The supplier shall respect diversity and have established programmes to promote diversity across their network. The suppliers should be committed to a workforce free of harassment and unlawful discrimination. The supplier shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training.

**PREVENTION OF UNDER AGE LABOUR AND PROTECTION OF YOUNG WORKERS**

Child labour is strictly prohibited. The supplier shall not employ children. The minimum age for employment or work shall be 16 years of age, the minimum age for employment in that country, or the age for completing compulsory education in that country, whichever is higher. When young workers (above the minimum age and below 18 years of age) are employed they must not do work that is mentally, physically, socially or morally dangerous or harmful or interferes with their schooling by depriving them of the opportunity to attend school.

**FAIR WAGES**

The supplier must pay all workers at least the minimum wage required by applicable laws and regulations and provide all legally mandated benefits. All employment conditions, including compensations, working hours, vacation time, leave periods and holidays must be consistent with applicable laws and regulations and mandatory industry standards whichever is the highest.

**FAIR TREATMENT**

Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Factory rules and disciplinary measures will be fair and clearly communicated to workers in a form that they are in agreement with. All disciplinary measures shall be recorded.

**WORKING HOURS**

Under no circumstances shall work weeks exceed the maximum permitted under applicable laws and regulations. All overtime work by workers is on a voluntary basis. Except in emergency or unusual situations (e.g. shift patterns) a work week shall be restricted to 60 hours, including overtime, and workers shall take at least one day off every seven days.

**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

The supplier shall recognise and respect the rights of employees to freely associate, organise and bargain collectively. In situations where the right to freedom of association and collective bargaining are restricted under law, the supplier shall allow workers to freely elect their own representatives.

**OCCUPATIONAL INJURY PREVENTION**

The supplier shall eliminate physical hazards where possible. The supplier shall identify the potential hazards, assess who might be harmed, evaluate the risks and develop mitigating actions. In all cases, suppliers shall provide workers with appropriate personal protective equipment free of charge. Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers. Workers shall not be disciplined for raising safety concerns and shall have the right to refuse unsafe working conditions without fear of reprisal until management adequately addresses their concerns.

**WORKING CONDITIONS**

A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Lighting, heating and ventilation systems should be adequate in the working environment.
The supplier must ensure that the workplace is clean and that all employees have access to toilets. The toilets must be appropriately distributed, adequate in number and clean. Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers.

**PREVENTION OF HAZARDOUS MATERIALS AND PRODUCTS EXPOSURE**

The supplier shall identify, evaluate, and control worker exposure to hazardous chemical, biological, and physical agents and ensure their safe handling, movement, storage, recycling, reuse and disposal. The supplier must eliminate chemical hazards where possible. The supplier shall provide workers with appropriate personal protective free of charge. The supplier shall identify hazardous materials, chemicals and substances.

**OCCUPATIONAL SAFETY PROCEDURES AND SYSTEMS**

The supplier shall establish procedures and systems to manage, track, and report occupational injury and illness. Such procedures and systems shall encourage worker reporting, classify and record injury and illness cases, investigate cases and implement corrective actions to eliminate their causes, provide necessary medical treatment, and facilitate workers’ return to work. SGS will expect the supplier to have its own Health & Safety policy and management system, ideally one that conforms to the international Health and Safety Standard, OHSAS 18001:2007.

**ENVIRONMENT**

SGS is committed to achieving sustainable growth whilst managing the impact of its business. We use natural resources efficiently and minimise waste. We believe that growing our business and improving our environmental impacts should be achieved in parallel. Our readiness to adapt to climate change will ensure the sustainability of our business. We are consequently minimising our energy consumption, reducing our carbon intensity, and investing in new technologies and offsetting schemes. We therefore expect our suppliers to achieve sustainable growth whilst managing the impacts of their business, by improving their environmental performance. We also encourage similar improvements further down the supply chain.

**ENVIRONMENTAL MANAGEMENT SYSTEMS**

SGS’s suppliers whose activities have an environmental impact shall have a structured and systematic approach to manage environmental aspects including amongst others air quality, energy, water quality and consumption, waste and responsible chemical management. This approach should establish suitable management systems for environmental protection, setting targets and performing follow-ups. We expect the supplier to have its own Environmental Management System, preferably certified to ISO14001:2015 or another internationally recognised standard.

**DOING MORE WITH LESS**

We expect the supplier to prevent pollution and minimise generation of waste, wastewater and air emissions as a result of its business activities. The supplier shall have a waste management system and use efficient technologies which aim to reduce the environmental impact as much as possible. Prior to discharge or disposal, the supplier shall characterise and treat wastewater solid waste and hazardous waste appropriately and according to applicable laws and regulations.

**INVESTING IN A CARBON FREE FUTURE**

The supplier shall seek to minimise its energy consumption, greenhouse gas emissions, reduce its carbon intensity, and invest in new technologies and offsetting schemes. The supplier shall optimise its consumption of natural resources. The supplier is encouraged to obtain a good ranking by the Carbon Disclosure Project (CDP).

**COMMUNITIES**

SGS helps to create sustainable communities by providing local employment and encouraging our people to engage in local projects. We are committed to meeting the immediate needs of the victims of natural and man-made disasters. We believe that everyone has a fundamental right to food, health, education, shelter and enterprise. We contribute to the welfare of the communities we operate in through local investment.

We therefore expect our suppliers not only to provide local employment but also to partner with local governments and communities to improve the educational, cultural, economic and social well-being of the communities in which they live and serve.

**LOCAL SOCIAL EMPOWERMENT AND DEVELOPMENT**

The supplier shall seek to attract local talent and to build relationships that contribute to the local economy.

**COMMUNITY CONDITION OF LIFE IMPROVEMENT**

The supplier is encouraged to engage the community to help foster social and economic development and to contribute to the sustainability of the communities in which it operates.

The supplier shall support employees to engage in local initiatives that improve people’s quality of life.
I hereby confirm my acceptance of the terms and conditions of SGS Supplier Code of Conduct (version 2.0 July 2019) and agree to respect it and be compliant with it.
REFERENCES

SGS consulted the following references in preparing this Code:

**ELECTRONIC INDUSTRY CODE OF CONDUCT**
www.eicc.info/eicc_code.shtml

**ILO CODE OF PRACTICE IN SAFETY AND HEALTH**

**ILO INTERNATIONAL LABOUR STANDARDS**

**ISO 26000**
**ISO 14001**
www.iso.org

**OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES**
www.oecd.org

**OHSAS 18001**
www.bsi-global.com/index.xalter

**UNITED NATIONS CONVENTION AGAINST CORRUPTION**

**UNITED NATIONS GLOBAL COMPACT**
www.unglobalcompact.org

**UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS**

**UNIVERSAL DECLARATION OF HUMAN RIGHTS**
www.un.org/Overview/rights.html

**SGS SUSTAINABILITY POLICIES**

**SGS CODE OF INTEGRITY**