

CORPORATE GOVERNANCE

This Corporate Governance Report informs shareholders, prospective investors and society on SGS' policies in matters of corporate governance, such as: the structure of the Group, shareholders' rights, the composition, roles and duties of the Board of Directors and its Committees and Management, and internal controls and audits. This report has been prepared in compliance with the Swiss Exchange (SIX) Directive on Information Relating to Corporate Governance of 20 June 2019 and with the Swiss Code of Best Practice for Corporate Governance. The SGS Corporate Governance framework aims to achieve an efficient allocation of resources and clear mechanisms for setting strategies and targets, in order to maximize 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.

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1. Group Structure and Shareholders

1.1. GROUP STRUCTURE

1.1.1. OPERATIONAL 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 2020, market capitalization was approximately CHF 20 201 million (2019: CHF 20 057 million).

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

At 31 December 2020, geographic operations were organized as follows:

- North America
- Latin America
- Africa & Western Europe
- North & Central Europe
- Eastern Europe & Middle East
- North East Asia
- South East Asia & Pacific

The Group was structured into eight business lines with each business line responsible for the global development of Group activities within its own sphere of specialization and the execution of strategies with the support of the Chief Operating Officers.

At 31 December 2020, the business lines were organized as follows:

- Agriculture, Food and Life
- Minerals
- Oil, Gas and Chemicals

- Consumer and Retail
- Certification and Business Enhancement
- Industrial
- Environmental, Health and Safety
- Governments and Institutions

Each line of business was 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.

With effect as of January 2021, the Group has implemented a reorganization of its activities in order to respond to strategic directions decided by the Group and to achieve operational efficiencies. A simplified business structure has been introduced consisting of six focus areas composed of four divisions: Connectivity & Products, Health & Nutrition, Industries & Environment and Natural Resources and two cross-divisional strategic units: Knowledge and Digital & Innovation.

GEOGRAPHIC LOCATIONS

At 31 December 2020, geographic operations are organized as follows:

AMERICAS

- North America
- Latin America

EUROPE, AFRICA, MIDDLE EAST

- Africa & Western Europe
- North & Central Europe
- Eastern Europe & Middle East

ASIA PACIFIC

- North East Asia
- South East Asia & Pacific



1.1.2. LISTED COMPANIES IN THE GROUP

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

1.1.3. NON-LISTED COMPANIES IN THE GROUP

The material legal entities consolidated within the Group are listed on pages 193 to 195 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. The list of legal entities is limited to entities whose contribution to the Group revenues in 2020 represent at least 1% of the consolidated revenues. This definition of materiality excludes dormant companies, pure sub-holding companies or entities used solely for the detention of assets. Details of acquisitions and disposals made by the SGS Group during 2020 are provided in note 3 of the consolidated financial statements included in the section 2020 Results on pages 137 and 138 of this Annual Report.

1.2. SIGNIFICANT SHAREHOLDERS

To the knowledge of the Company the shareholders owning more than 3% of its share capital as at 31 December 2020, or as the date of their last notification as per Article 20 of the Swiss Stock Exchange Act (SESTA) were Groupe Bruxelles Lambert (acting through Serena SARL and URDAC) with 18.91% (December 2019: 16.73%) of the share capital and voting rights of the Company. As at 31 December 2020, the SGS Group held 1.28% of the share capital of the Company (2019: 0.18%).

During 2020, 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.

1.3. CROSS-SHAREHOLDINGS

Neither SGS SA nor its direct and indirect subsidiaries have 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 7 565 732 as of 31 December 2020 and comprises 7 565 732 fully, paid-in, registered shares of a par value of CHF 1. On 31 December 2020, SGS SA held 96 494 treasury shares (2019: 13 342). Shares repurchased for cancellation purpose are directly held by SGS SA, 3 382 shares repurchased to cover equity compensation plans are held by a subsidiary company.

In 2020, 3 382 treasury shares were sold and 15 834 shares were purchased to cover the equity compensation plans.

On 13 February 2020, the Group announced a share buyback program for the purposes of capital reduction which ended on December 17, 2020. Under this program, SGS SA repurchased 70 700 shares on a second trading line on SIX Swiss Exchange for a total amount of CHF 169.3 million at an average purchase price of CHF 2 394.62 per share. SGS SA intends to request shareholders to approve the cancellation of the 70 700 shares at its 2021 Annual General Meeting.

2.2. AUTHORIZED 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. If increased by the maximum amount of the authorized share capital, the existing share capital of 7 565 732 shares would grow by approximately 6.6% to 8 065 732 shares. The Board is authorized 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 purpose of an acquisition, the Board is authorized 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 23 March 2021. The Board of Directors will propose to the next Annual General Meeting of Shareholders an extension for two more years, until 23 March 2023.

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 equity-based remuneration plans and option or conversion rights of convertible bonds or similar equity-linked instruments that the Board is authorized to issue. If increased by the maximum amount of the conditional share capital, the existing share capital of 7 565 732 shares would increase by approximately 14.5% to 8 665 732 shares. The conditional capital is not limited in time.

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 authorized 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 ten years from the date of issuance of the equity-linked instruments.

2.3. CHANGES IN CAPITAL

The share capital of the Company was reduced twice in the last years, once in 2017 and once in 2019 to cancel shares purchased by application of share buyback programs initiated by the Company. In 2019, the shareholders approved a reduction of the share capital, by cancellation of 68 000 shares. Consequently, the share capital of the Company was reduced from CHF 7 633 732 to 7 565 732 in 2019.

Previously, in 2017, the share capital was reduced from CHF 7 822 436 to CHF 7 633 732 by cancellation of 188 704 shares purchased by the Company.

No other changes in the share capital of the Company were made in the course of the last three years.

2.4. SHARES AND PARTICIPATION CERTIFICATES

All shares, other than treasury shares held 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. DIVIDEND-RIGHT CERTIFICATES

The Company has not issued any dividend-right 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, the Company's shares can be registered in the name of a nominee acting in a fiduciary capacity for an undisclosed principal, provided however that shares registered in the names of nominees or fiduciaries may not exercise voting rights above a limit of 5% of the aggregate share capital of the Company. This rule was made public on 23 March 2005. 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. In 2020, no options or similar instruments have been issued by the Company or by any of the Group's subsidiaries.

Options plans previously granted to members of the Operations Council, to senior managers and selected key employees have been discontinued by the Company in 2015 and the last outstanding options under this legacy stock option plan have expired or were exercised, in 2020.

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

This section presents the Members of the Board of Directors of the Company with their functions in the Group, their professional backgrounds and all their material positions held outside the Group in governing and supervisory boards, management positions and consultancy functions, official tenures and political commitments, both in Switzerland and abroad.

The Board has set out criteria for the selection of new Directors and has conducted a search which has resulted in changes to the composition of the Board of Directors in 2020. The aim of this exercise is to ensure that the Board is continuously in a position to provide leadership, strategic oversight and guidance and contribute to setting ambitious targets for the Group and meeting long-term value creation objectives.

The competencies sought by the Group for its Board of Directors include, experience of senior executive leadership in international businesses, strategic planning, finance, technology and innovation. When selecting candidates to the Board of Directors, the Company has due regards to the experience, professional qualifications, areas of expertise, age, gender and national background as well as leadership style, so that at all time, the Board and its Committees have the required skills.

At the Annual Shareholders Meeting of March 2020, two members of the Board of Directors did not stand for re-election, namely Mr. Peter Kalantzis and Mr. Luitpold von Finck. During the same meeting Sami Atiya and Tobias Hartmann were appointed to the Board of Directors. Biographical information on former members of the Board of Directors is available in the Corporate Governance reports of prior years, including pages 93 to 95 of the 2019 Integrated Annual Report.

The members of the Board of Directors at 31 December 2020 were as follows:

CALVIN GRIEDER (1955) SWISS

Function in SGS

Member:

- Chairman, Board of Directors
- Chairman, Corporate Governance & Sustainability Committee

Initial appointment to the Board

March 2019

Professional Background

He holds an Engineering Master of Science from the ETH Zurich and has completed an Advanced Management Program (AMP) at Harvard University.

Calvin Grieder has held various executive positions at Swiss and German companies (Georg Fischer, Bürkert, Mikron, SIG and Swisscom), all active in the areas of control technology, automation, and system engineering. In these roles, he was primarily responsible for successfully establishing and expanding international businesses. In 2001, Calvin Grieder moved from Swisscom (Head of Mobile & Internet Business) to the Bühler Group, where he acted as CEO for 15 years.

Other activities and functions

Givaudan SA, Vernier (CH), Chairman of the Board*

Bühler Group AG, Uzwil (CH), Chairman of the Board

AWK Group AG, Zurich (CH), Chairman of the Board

Avenir Suisse, Zurich-Oerlikon (CH), Member of the Board of Trustees

* Listed company

SAMI ATIYA (1964)
GERMAN**Function in SGS**

Member:

- Board of Directors
- Corporate Governance & Sustainability Committee

Initial appointment to the Board
March 2020**Professional Background**

ABB Ltd (CH, SE), Member of the Group Executive Committee since 2016 and President of ABB's Robotics & Discrete Automation business.

Dr. Sami Atiya holds a Master of Business Administration (MBA) from the Massachusetts Institute of Technology (MIT), USA, and a master's degree in Electrical Engineering and Automation from the Karlsruhe Institute for Technology. He also holds a PhD in Electrical Engineering (Robotics, Artificial Intelligence and Sensors) from the University of Wuppertal/Karlsruhe Institute for Technology, Germany. Prior to his current role, he held various senior leadership positions in the Siemens Group, Harald Balzer & Partner, Robert Bosch – Blaupunkt and the Fraunhofer Institute Karlsruhe Institute of Technology. His experience covers a range of industry sectors including medical technology, robotics and automation, software and logistics and transportation. Dr. Atiya has strong intercultural skills with experience in managing teams in international organizations, covering China, the Middle East, India, Japan, the USA and Europe. He has a proven track record in managing international acquisitions and business integration. He will bring to the Board of SGS strong experience of leadership in sectors which will undoubtedly contribute to the future development of SGS. He will be an independent member of the Board of Directors of the Company, with no ties to its management or significant shareholders.

PAUL DESMARAIS, JR. (1954)
CANADIAN**Function in SGS**

Member:

- Board of Directors

Initial appointment to the Board
July 2013**Professional Background**

Chairman, Power Corporation of Canada*.

Paul Desmarais, Jr. has a Bachelor of Commerce Degree from McGill University, Montréal and an MBA from the Institut Européen d'Administration des Affaires (INSEAD), France.

He has received honorary doctorates from various Canadian universities.

He joined Power Corporation of Canada in 1981 and assumed the position of Vice President the following year. In 1984, he led the Financial Corporation to consolidate creation of Power's major financial holdings, as well as Pargesa Holding SA, under a single corporate entity. Mr. Desmarais served as Vice President of Power Financial from 1984 to 1986, as President and Chief Operating Officer from 1986 to 1989, as Executive Vice Chairman from 1989 to 1990, as Executive Chairman from 1990 to 2005, as Chairman of the Executive Committee from 2006 to 2008, as Executive Co-Chairman from 2008 to 2020 and as Chairman from 2020. Mr. Desmarais is Chairman of Power Corporation, a position he has held since 1996. He previously served as Co-Chief Executive Officer of Power Corporation from 1996 until his retirement in February 2020. After Power Financial and the Frère Group of Belgium took control of Pargesa in 1990, Mr. Desmarais moved to Europe from 1990 to 1994, to develop the partnership with the Frère Group and to restructure the Pargesa group.

From 1982 to 1990, he was a member of the Management Committee of Pargesa, in 1991, Executive Vice Chairman and then Executive Chairman of the Committee; and from 2003 to 2019, he was Co-Chief Executive Officer. Mr. Desmarais was a director of Pargesa from 1992 until November 2020, when Pargesa's reorganization was completed. He also served as Chairman of the Board from 2013 to 2020.

He is a Director of many Power Group companies in North America.

Other Activities and Functions

Groupe Bruxelles Lambert, Brussels (BE), Chairman of the Board of Directors*

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)*

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

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

Past Chairman and a Member of the Business Council of Canada (CAN)

AUGUST FRANÇOIS VON FINCK (1968)
SWISS**Function in SGS**

Member:

- Board of Directors
- Corporate Governance & Sustainability Committee

Initial appointment to the Board

- May 2002

Professional Background

August François von Finck holds a Master of Business Administration from Georgetown University, Washington. D.C.

Other Activities and Functions

Custodia Holding SE, Munich (DE), Member of the Board since 2018*

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-BELGIAN**Function in SGS**

Member:

- Board of Directors
- Corporate Governance & Sustainability
- Remuneration Committee

Initial appointment to the Board
July 2013**Professional Background**

CEO of Groupe Bruxelles Lambert since 2012*.

Ian Gallienne has an MBA from INSEAD in Fontainebleau. From 1998 to 2005, he was a Director at the private equity funds Rhône Capital LLC in New York and London. In 2005, he founded the private equity fund Ergon Capital Partners in Brussels and was its Managing Director until 2012.

He has been a Board Member of Groupe Bruxelles Lambert since 2009*.

Other Activities and Functions

adidas (D), Member of the Supervisory Board*

Imerys, Paris (F), Member of the Board, Chairman of the Strategic Committee, Member of the Compensation Committee, Member of the Appointments Committee*

Pernod Ricard SA, Paris (F), Member of the Board, Member of the Strategic Committee and Member of the Remuneration Committee*

Frère-Bourgeois SA (BE), Member of the Board

Compagnie Nationale à Portefeuille SA (BE), Member of the Board

Société Civile du Château Cheval Blanc (France), Member of the Board

Marnix French ParentCo (Webhelp group), Paris (France)

* Listed company

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 of CAG Holding GmbH, Lilienfeld, Austria, which is active in the field of aluminum, glass and biomass.

Other Activities and Functions

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

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

Honorary General Consul of Austria to the Land of Baden-Württemberg

TOBIAS HARTMANN (1972)

GERMAN

Function in SGS

Member:

- Board of Directors
- Audit Committee

Initial appointment to the Board

March 2020

Professional Background

Chief Executive Officer of Scout24, an operator of digital real estate marketplaces based in Munich/Berlin, Germany.

Tobias Hartmann has a Master of Business Administration (MBA) and a Bachelor of Arts (BA) degree from Clark University, Worcester, MA, USA. He has extensive experience of senior executive and Board positions in both public and private companies in the USA and Germany.

He brings over two decades of senior management experience in several industries, including retail, technology, operations, logistics and eCommerce. He has worked for various digital companies including eBay Inc.

Mr. Hartmann has a proven track record of developing, expanding and optimizing existing business models, services and product offerings for both public and private companies with B2B and B2C business models.

Other Activities and Functions

Zur Rose Group AG (CH), Member of the Board of Directors

GÉRARD LAMARCHE (1961)

BELGIAN

Function in SGS

Member:

- Board of Directors

Chairman:

- Audit Committee

Initial appointment to the Board

July 2013

Professional Background

Chairman of Multifin SA (BE), since 2019.

Gérard Lamarche is a graduate in Economic Sciences from the University of Louvain-la-Neuve (Belgium) and the INSEAD Business School (Advanced Management Program for Suez Group Executives). He also trained at the Wharton International Forum in 1998-99 (Global Leadership Series).

He began his career with Deloitte Haskins and Sells in Belgium in 1983 and was appointed as an M&A consultant in the Netherlands in 1987. In 1988, he joined Société Générale de Belgique as Investment Manager. He was promoted to Controller in 1989 before becoming an Advisor to the Strategy and Planning Department from 1992 to 1995. He joined Compagnie Financière de Suez as Special Advisor to the Chairman and Secretary to the Suez Executive Committee (1995-1997); he was later appointed Senior Vice President in charge of Planning, Control and Accounting. In 2000, Gérard Lamarche joined NALCO (the US subsidiary of the Suez Group and world leader in industrial water treatment) as General Managing Director. He was appointed CFO of the Suez Group in 2003.

He was the Co-CEO of Groupe Bruxelles Lambert from 2012 to 2019.

Other Activities and Functions

Umicore, Brussels (B), Member of the Board*

Groupe Bruxelles Lambert (BE), Member of the Board*

SHELBY R. DU PASQUIER (1960)

SWISS

Function in SGS

Member:

- Board of Directors

Chairman:

- Remuneration 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 and Staehelin in 1994.

Other Activities and Functions

Swiss National Bank, Member of the Board since 2012*

Stonehage Fleming Family & Partners Limited, Member of the Board since 2012

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

KORY SORENSON (1968)

BRITISH

Function in SGS

Member:

- Board of Directors
- Audit Committee
- Remuneration Committee

Initial appointment to the Board

March 2019

Professional Background

Kory Sorenson has a DESS in Corporate Finance from the Institut d'Etudes Politiques de Paris and a master's degree in Applied Economics from the Université de Paris – Dauphine. She also holds a bachelor's degree in Econometrics and Political Science from the American University in Washington, D.C., a certificate in Governance from Harvard Executive Education and a certificate in Leadership and Governance from INSEAD, and a certificate from Stanford GSB, for the 2020 fall session of the Stanford Business Leadership Series.

She began her career in finance in 1992 in the Treasury Department of Total in Paris before moving to banking in 1995 and investment banking in 1997. She was Managing Director, Head of Insurance Capital Markets of Barclays Capital, and held senior positions in the capital markets and the financial institutions divisions of Credit Suisse, Lehman Brothers and Morgan Stanley.

Other Activities and Functions

SCOR SE, Paris (FR), Member of the Board and Chair of the Audit Committee, member of the Risk, Strategic, and Crisis Committees*

Phoenix Group Holdings PLC, London (UK), Member of the Board and Chair of the Remuneration Committee, member of the Risk and Sustainability Committees*

Pernod Ricard SA, Paris (FR), Member of the Board and Chair of the Remuneration Committee, member of the Audit Committee*

Bank Gutmann, Vienna (AU), privately owned, Member of the Supervisory Board

* Listed company

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, digital, innovation, strategy and sustainability, and their respective positions of leadership in various industrial sectors are important contributing factors to the successful governance of an organization of the size of the SGS Group.

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. In line with this review, the Board has set a target stating that at least 60% of its members and members of its committees will be independent and to plan the succession of members accordingly.

The Board of Directors considers the following criteria to assess the independence of its members:

1. The Director must not have been employed by the Company in an executive capacity within the last five years;
2. No family member of the Director is employed or was employed during the past three years by the Group in any management capacity;
3. Neither the Director or a family member has received any payments from the Group other than Board remuneration approved by the Annual General Meeting of Shareholders;
4. The Director is not acting (and must not be affiliated with a Company that is acting in material manner) as an adviser or consultant to the Company or a member of the Company's senior management;
5. The Director must not be affiliated with a significant customer or supplier of the Company;
6. The Director must have no personal services contract(s) with the Company or a member of the Company's senior management;
7. The Director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company;
8. The Director must not have been a partner or employee of the Company's external auditor during the past three years;

9. The Director must not have any other conflict of interest that the Board determines to mean they cannot be considered independent; and
10. Any Director who has served for more than 12 consecutive terms is no longer considered as independent.

Based on this review, the Board has concluded that a majority of the Directors are independent on the basis of these criteria and all of them are free of any relationship that could materially interfere with the exercise of their independent judgment.

The remuneration of the Members of the Board of Directors is detailed in the Remuneration Report. 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. OTHER ACTIVITIES

Other activities and vested interests of the members of the Board of Directors are indicated in section 3.1.

3.3. LIMITS ON EXTERNAL MANDATES

In compliance with the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC), the Company's Articles of Association limit the number of mandates permissible to Board members. These rules limit the number of mandates that Board members can accept to no more than 10 board memberships in entities outside the Group, out of which a maximum of five memberships in boards of companies whose shares are traded on a stock exchange. Mandates assumed at the request of a controlling entity do not count towards the maxima defined in the Articles of Association.

In addition, the Articles of Association limit to 10, the permissible participations in boards of associations and other non-profit organizations. All Board members have confirmed that they comply with these rules.

3.4. ELECTIONS AND TERMS OF OFFICE

The Articles of Association of SGS SA provide that each Member of the Board of Directors, and among them the Chairman of the Board of Directors and the Members of the Remuneration Committee, is elected each year by the shareholders for a period ending at the next Annual General Meeting. Each Member of the Board is individually elected. There is no limit to the number of terms a Director may serve. The initial date of appointment of each Board Member is indicated in section 3.1.

3.5. INTERNAL ORGANIZATIONAL STRUCTURE

The duties of the Board of Directors and its Committees are defined in the Company's Articles of Association and in its 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.

3.5.1. ALLOCATION OF TASKS WITHIN THE BOARD OF DIRECTORS

The Chairman of the Board is elected by the Annual Meeting of Shareholders. He or she plans and chairs the Board meetings, defines the agenda of the meetings and conducts the deliberations of the Board of Directors. All Members of the Board of Directors participate in deliberations of the Board and participate equally in its decisions.

Within the limits permitted by law or by the Articles of Association, the Board of Directors can decide to delegate certain of its tasks to standing or ad-hoc committees. With the exception of the members of the Remuneration Committee, who are elected by the shareholders, the members of other Committees are appointed by the Board.

3.5.2. MEMBERS LIST, TASKS AND AREA OF RESPONSIBILITY FOR EACH COMMITTEE OF THE BOARD OF DIRECTORS

The following chart describes the Committees and their membership as at 31 December 2020:

	REMUNERATION	AUDIT	CORPORATE GOVERNANCE & SUSTAINABILITY
Sami Atiya			M
August François von Fink			M
Ian Gallienne	M		M
Calvin Grieder			C
Tobias Hartmann		M	
Gérard Lamarche		C	
Shelby R. du Pasquier	C		
Kory Sorenson	M	M	

C Chair M Member

Calvin Grieder, Chairman of the Board, attends the meetings of the Remuneration and Audit Committees, with a consultative vote. He chairs the Corporate Governance & Sustainability Committee.

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. In 2020, the Board conducted a full revision of the Company's Internal Regulations and reviewed the allocation of tasks between its Committees.

Remuneration Committee

Members of the Remuneration Committee are elected individually by the Annual Meeting of Shareholders, with the chairman of the Committee designated among them by the Board of Directors. As part of the revision of the Internal Regulations of the Company, the Remuneration Committee is now focused entirely on matters of executive remuneration. Matters pertaining to appointment and succession planning of the Group officers have been delegated to the Corporate Governance & Sustainability Committee. The Remuneration 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 advises the Board of Directors on matters regarding

the remuneration of the Members of the Board of Directors and Management, and on general policies relating to remuneration applicable to the Group. The Committee defines the conditions of share-based remuneration plans or other plans for the allocation of shares, issued from time to time by the Company. The Committee reviews and approves the contractual terms of the employment of the Chief Executive Officer and the other members of the Management. The Committee reviews regularly, at least once a year, the compensation of each member of the Operations Council. The Committee drafts the SGS Remuneration Report.

Audit Committee

The Audit Committee supports the Board of Directors in discharging its duties in relation to financial reporting and internal controls. Such duties include consideration of the appropriateness of accounting policies, the adequacy of internal controls, 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.

Corporate Governance & Sustainability Committee

The Corporate Governance & Sustainability Committee assists the Board in the succession planning, selection and nomination of candidates to positions to the Board of Directors and to the senior management (Operations Council) of the Group.

The Committee supports the Board of Directors and Management in establishing policies relating to professional conduct and compliance and oversees their implementation. The Group's compliance policies are embodied in the Code of Integrity, which sets out the principles governing business conduct, which are applied across the whole SGS Group.

The Committee assists the Board in defining the Group policies and strategies relating to sustainability, including matters relevant to the Group reputation and non-financial risks.

During the course of 2020, the ability of the Board and its Committee to hold physical meeting was curtailed by measures implemented to limit the contagion of Covid-19. In response to this circumstance, the Board and Committee held meetings by telephone and videoconference, the frequency of which was greater than usual, with such meetings being usually shorter than a regular physical meeting. The table below does not make any distinction between physical and remote meetings of the Board and its Committees.

MEETINGS HELD IN 2020	FREQUENCY OF MEETINGS	AVERAGE DURATION OF MEETINGS
Board of Directors	11 times	2.5 hours
Remuneration Committee	5 times	1.5 hours
Audit Committee	7 times	2 hours
Corporate Governance & Sustainability Committee	3 times	1 hour

3.5.3. WORKING METHODS OF THE BOARD AND ITS COMMITTEES

The Board of Directors and each Committee convene regularly scheduled meetings with additional meetings held as and when required, in person or by phone conference. The Board and the Committees may pass resolutions by written consent. 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. The Board and each of the Committees can request the attendance of members of the Management of the Group. The Board and each of the Committees are authorized to hire external professional advisors to assist them in matters within their sphere of responsibility. 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 and its Committees convene as often as required. In principle the Board meets at least four times a year, i.e. once every quarter. The Audit Committee meets at least three times a year, i.e. once before the publication of the annual and half-year results, and once outside these periods, to review and approve the scope of internal and external audit. The Corporate Governance and Sustainability Committee and the Remuneration Committee at least once a year.

ATTENDANCE TO BOARD AND COMMITTEE MEETINGS

The Board of Directors expect its members to attend and participate actively to its meetings and meetings of its Committees and has set a minimum target of attendance at 75% of meetings. The chart below summarizes the attendance by each Board Member in 2020 at the meetings of the Board and the respective standing Committees.

MEMBER	BOARD MEETINGS	NOMINATION & REMUNERATION	AUDIT	CORPORATE GOVERNANCE & SUSTAINABILITY
Peter Kalantzis ¹	3/3			
Calvin Grieder	11/11			3/3
Samy Atiya ²	8/8			2/2 ³
Paul Desmarais, Jr.	10/11			
August François von Finck	11/11	1/1 ⁴	2/2 ⁴	2/2 ³
Luitpold von Finck ¹	2/3			
Ian Gallienne	11/11	5/5		2/2 ³
Tobias Hartmann ²	7/8		5/5 ³	
Cornelius Grupp	11/11			1/1
Gérald Lamarche	11/11		7/7	
Shelby R. du Pasquier	10/11	5/5		1/1
Kory Sorenson ¹	11/11	4/4 ³	7/7	

1. Directors not re-elected in March 2020 – 2. Directors elected for the first time in March 2020 – 3. Member of the Committee since March 2020

4. Member of the Committee until March 2020

3.6. 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 that are attributed to it by law. In particular, the Board:

- Leads and oversees the conduct, management and supervision of the Group
- Determines the organization 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 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 that 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, the Chief Financial Officer and the 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 seven regions (see section 1.1.)
- The Executive Vice Presidents (EVPs) are entrusted with the management and development of the Group's eight business lines (see section 1.1.)
- The Senior Vice Presidents (SVPs) represent the principal Group support functions (Finance, Human Resources, Communications and Investor Relations, Digital & Innovation and Legal and Compliance)

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

3.7. 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 compliance with relevant legislation, regulation and industry practice.

B. GOVERNANCE FRAMEWORK

The Group has an established governance framework, which is designed to oversee its operations and assist the Company in achieving its objectives. The main principles of this framework include the definition of the role of the Board and its Committees, an organizational 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 and the Chief Financial Officer participate in the meetings of the Board of Directors and 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 Remuneration Committee, and Corporate Governance & Sustainability Committee, and the General Counsel and 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 and 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 regularly with the members of the Operations Council.

During Board Meetings or Committee Meetings, Board members can require any information concerning the Group. The Board reviews and monitors regularly and formally 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 in implementing the agreed actions by Management.

D. GENERAL COUNSEL AND CHIEF COMPLIANCE OFFICER

Furthermore, the Group has a Compliance Function, headed by the General Counsel and Chief Compliance Officer, who is a member of the Corporate Governance & Sustainability Committee and has direct access to the Chairman of the Board. The Compliance Function supports the implementation of a compliance program based on the SGS Code of Integrity, available in 30 languages. The goal of the program 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. The General Counsel and Chief Compliance Officer reports violations of compliance rules every semester to the Corporate Governance & Sustainability Committee.

The Committee monitors disciplinary actions taken and the implementation of corrective actions.

E. OTHER

In addition, the main business lines have specialized technical governance units, which ensure compliance with internally set quality standards and industry best practices. Formal procedures are in place for both internal and external auditors to report their findings and recommendations independently to the Board's Audit Committee.

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 of 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 of and accountability for 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 risk, which includes circumstances outside the Group's direct sphere of influence, such as competition and economic or political landscape; second, process risks that 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 third, risks associated with information and decision-making. For each of the risk categories and within these categories, for each significant risk identified, the Board deliberates on proposed mitigation, risk avoidance or risk transfer measures and approves action plans designed to control such risks. The Board receives regular updates on the implementation of risks mitigation measures and their effectiveness is tested by Internal Audit which reports to the Board, respectively the Audit Committee.

4. Operations Council

The Operations Council (as defined in section 1.1.) meets on a regular basis, in principle at least five 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

Members of the Operations Council bring to the Group years of experience and expertise in their respective fields. They come from a wide range of backgrounds that reflects the multiple aspects of the Group. The Group strives to promote talent internally and encourages women to assume senior leadership positions. The members of the Operations Council at 31 December 2020 were as follows:

FRANKIE NG (1966) SWISS/CHINESE

Chief Executive Officer
BA in Economics and
Electronics Engineering
Joined SGS in 1994

Previous responsibilities
2011–2015: EVP, Industrial Services
2005–2011: EVP, Consumer
Testing Services
2002–2004: Managing Director,
US Testing

DOMINIK DE DANIEL (1975) SWISS/GERMAN

Chief Finance Officer
(since February 2019)
Degree in Banking, CEFA
Investment Analyst
Joined SGS in 2019

Previous work experience
2015–2018: CFO and Chief Operating
Officer, IWG plc. UK, the global leader
for flexible workspace
2006–2015: CFO Adecco Group,
Switzerland

OLIVIER MERKT (1962) SWISS

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

TEYMUR ABASOV (1972) AZERBAIJANI

COO, Eastern Europe & Middle East
Degree in Electrical Engineering
Joined SGS in 1994

Previous responsibilities
2006–2007: Managing Director,
Kazakhstan and Caspian Sub-Region
2004–2006: Managing Director, Azerbaijan
and Georgia
2003–2004: Managing Director, Georgia

HELMUT CHIK (1966) CHINESE

COO, North East Asia
Master of Business Administration
Joined SGS in 1991

Previous responsibilities
2004–2017: COO, China and Hong Kong
2003: Managing Director, Hong Kong
2002: Vice President Softline Global,
Consumer Testing Services

OLIVIER COPPEY (1972) SWISS

EVP, Agriculture, Food and Life
MSc Economics
Joined SGS in 1994

Previous responsibilities
2009–2013: Vice President Seed
and Crop, Agricultural Services
2006–2008: Vice President North
America, Agricultural Services, USA
1994–2006: Managerial positions,
Agricultural Services, Switzerland/
India/Cameroon

FABRICE EGLOFF (1969) FRENCH

COO, Africa & Western Europe
Master of Business Administration
in International Business Affairs
Joined SGS in 1995

Previous responsibilities
2017–2019: COO Africa
2009–2017: Managing Director, France
2004–2008: Managing Director,
Hong Kong

LUIS FELIPE ELIAS (1959) PERUVIAN

COO, Latin America
Industrial Engineering Degree and MBA
Joined SGS in 2004

Previous responsibilities
2012–2018: Managing Director,
Ecuador and Peru
2004–2012: Deputy Managing
Director, Peru

DERICK GOVENDER (1970) SOUTH AFRICAN

EVP, Minerals
Diploma in Analytical Chemistry
Postgraduate in Business Management
Joined SGS in 2002
Previous responsibilities
2014–2015: Minerals Manager, Chile
2010–2014: VP Minerals, Africa
2007–2010: Regional Minerals Manager,
SGS Southern Africa

JOSÉ MARÍA HERNÁNDEZ-SAMPELAYO (1961) SPANISH

SVP, Human Resources
Bachelor in Law
Master of Business Administration
Joined SGS in 1996
Previous responsibilities
2010–2017: Managing Director, Spain
2001–2010: HR Manager, Western Europe
1996–2010: HR Manager, Spain

CHARLES LY WA HOI (1966)
FRENCH

EVP, Consumer and Retail

Degree in Electronics Engineering
from ENSEIRB-MATMECAInitially joined SGS in 1992, rejoined
in 2008**Previous responsibilities**2016–2018: Vice President of Retail
Solutions and European Business
Development, Consumer and Retail2013–2016: Global Head of Materials
and Manufacturing, Industrial Services2009–2013: Vice President of
Strategic Global Accounts,
Consumer Testing Services**JEFFREY MCDONALD (1964)**
AUSTRALIAN/AMERICANEVP, Certification and
Business Enhancement

Postgraduate Diploma in Education

Joined SGS in 1995

Previous responsibilities

2007–2015: COO, North America

2004–2007: EVP, Systems and
Services Certification2003: Global Project Manager,
Systems and Services Certification**TOBY REEKS (1976)**
BRITISH

SVP, Investor Relations

BA in Economics

Joined SGS in 2018

Other work experience2013–2018: Executive Director,
Morgan Stanley

2011–2013: Director, Merrill Lynch

2005–2011: Vice President, Merrill Lynch

MALCOLM REID (1963)
BRITISH

COO, South East Asia & Pacific

BSc Chemistry

Joined SGS in 1987

Previous responsibilities2012–2015: EVP, Consumer
Testing Services2007–2011: EVP, Systems and
Services Certification

2005–2007: Managing Director, Australia

ALIM SAIDOV (1964)
AZERBAIJANI/CANADIAN

EVP, Oil, Gas and Chemicals

PhD in Science

Joined SGS in 1993

Previous responsibilities2007–2013: EVP, Oil, Gas and Chemicals
Services and Environmental Services2005–2007: COO, Eastern Europe and
Middle East2004: COO, North America and Managing
Director, Canada**WIM VAN LOON (1966)**
BELGIANEVP, Industrial Services
COO Northern & Central Europe
(since October 2020)Engineering degree in Industrial Electro
Mechanic and Master's degree in
Business Management

Joined SGS in 1989

Previous responsibilities

2015–2018: Managing Director, Benelux

2011–2015: Executive Director, Industrial
Services, Benelux2003–2015: Business Manager for
Industrial, Minerals and Consumer Testing
Services, Benelux**SIDDI WOUTERS (1973)**
DUTCHSVP, Digital & Innovation (since
October 2020)

Master's degree in Applied Physics

Joined SGS in 2020

Previous work experienceRabobank (NL) Executive Vice President
and Head of Digital Innovation

Technip FMC, Digital Officer

Kongsberg Gruppen, Chief
Technology Officer**4.2. OTHER ACTIVITIES AND
VESTED INTERESTS**

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.

DERICK GOVENDERMember of IPMI (International Precious
Metal Institute)**4.3. CHANGES IN THE
OPERATIONS COUNCIL**

During 2020, Dirk Hellemans, COO North & Central Europe; Christophe Heidler, Chief Information Officer; Frédéric Herren, SVP Digital & Innovation and Roger Kamgaing, EVP, GIS left the Group. Peter Possemiers, EVP EHS has stepped down from the Operations Council as of 31 December 2020 to assume other management responsibilities within the Group.

Biographical information on former members of the Operations Council may be found in prior years' Corporate Governance reports, including pages 99 to 101 of the 2019 Integrated Annual Report.

4.4. LIMITS ON EXTERNAL MANDATES

The Articles of Association of the Company, in compliance with the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC), limit the number of mandates permissible to members of the Operations Council, to no more than four board memberships in entities outside the Group, out of which a maximum of one membership in the board of companies whose shares are traded on a stock exchange. Mandates assumed at the request of a controlling entity do not count towards the maxima defined in the Articles of Association.

In addition, the Articles of Association set limits to participations in boards of associations and other not-for-profit organizations to no more than 10 such memberships.

4.5. 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

5.1. CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND THE SHAREHOLDING PROGRAMS

The Group's overriding compensation 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.

In line with these principles, Board members are entitled to a fixed fee, which takes into account their level of responsibility. Members of the Operations Council receive a fixed remuneration and are entitled to a performance-related annual bonus and a Long-Term Incentive plan.

In compliance with the requirements of the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC), the Annual General Meeting approves the compensation payable to the Board and the Operations Council. The rules on the vote on pay applicable in the Group are explained below.

The ultimate responsibility for defining remuneration policies and deciding on all matters relating to remuneration rests with the Board of Directors, subject to decisions that require binding resolutions of the Annual General Meeting. The Board of Directors is assisted in its work by a Remuneration Committee, which is elected by the Annual General Meeting.

5.2. RULES ON APPROBATION BY THE ANNUAL SHAREHOLDERS MEETING OF EXECUTIVE PAY

5.2.1. RULES ON PERFORMANCE-RELATED PAY AND ALLOCATION OF EQUITY-LINKED INSTRUMENTS

The Company's Articles of Association define the principles of the variable remuneration and the allocation of shares or equity-linked instruments to the members of the Operations Council. Please refer to the Remuneration Report page 99 to 101 for a description of the Company's rules in the matter.

In the event of changes in composition of the Operations Council occurring after the approval by the Annual General Meeting of the fixed remuneration of the executive team, the Board is authorized to increase up to a maximum of 25% the amount authorized by the shareholders for that purpose.

5.2.2. RULES ON LOANS, CREDIT FACILITIES AND POST-EMPLOYMENT BENEFITS

Loans granted to members of the governing bodies of the Company may not exceed one year of remuneration and must be granted at market conditions. As at 31 December 2020, as at 31 December 2019, no loan or advance is granted by the Group to members of the Operations Council.

5.2.3. RULES ON VOTE ON PAY

The Annual General Meeting approves the following matters related to the compensation of the Board and Operations Council:

- It approves the fixed fees payable to the Board of Directors until the next Annual General Meeting
- It approves in advance a prospective maximum fixed remuneration to the Operations Council during the next financial year
- It approves the total aggregate amount payable to the Operations Council for the performance-related annual bonus related to the prior year
- It approves the maximum amount payable under Long-Term Incentive plans to be introduced by the Company

Resolutions of such matters are binding to the Board of Directors. In addition, the Annual General Meeting is invited to cast a non-binding vote on the Remuneration Report that describes the Company's remunerations policies. This allows shareholders to express a view on the overall policies of the Group in relation to remuneration.

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 Shareholder and exercise their right to vote. A shareholder may also elect to grant power of attorney to an independent proxy appointed by the Company 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.

6.1.2. RULES ON INSTRUCTIONS TO THE INDEPENDENT PROXY AND ELECTRONIC PARTICIPATION IN THE ANNUAL SHAREHOLDERS MEETING
Shareholders have the opportunity to give general or specific voting instructions to the independent proxy, who is elected by the General Meeting of Shareholders. Shareholders can give specific or generic voting instructions to the independent proxy on all matters on the agenda of the General Meeting of Shareholders. These instructions can be issued in written form, or by electronic transmission. The voting of resolutions by electronic votes is authorized by the Articles of Association, within the modalities defined by the Board of Directors.

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, unless Swiss company law mandates 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. As authorized by the Covid-19 ordinance of the Swiss Federal Council, shareholders were required to issue voting instructions to the independent representatives as physical attendance of the meeting was not possible to shareholders.

6.4. INCLUSION OF ITEMS ON THE AGENDA

The Agenda of the General Meeting of the Shareholders is issued by the Board of Directors. Shareholders representing shares with a minimum par value of CHF 50 000 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 Defense 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.

8. Auditors

8.1. DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

Following a competitive process in 2000, Deloitte SA was appointed auditor of the Company and 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, Matthew Sheerin, was appointed in 2017, after agreement by the Company's Audit Committee. The Company requires the Lead Auditor to be changed at the latest after completion of five annual audit cycles, whereas Swiss company law imposes a maximum period of seven years. When designated in 2017 as Lead Auditor, Matt Sheerin replaced James Baird, Lead Auditor for the financial years 2012 to 2016 inclusively.

The Audit Committee reviews annually the desirability to renew the annual mandate of its external auditors before proposing to the Board and the Annual General Meeting the re-election of the auditors. During the course of 2020, in view of the long tenure of the current auditors, the Company conducted a selection process for the selection of a new audit firm for the audit of the 2021 financial statements, which will be submitted for election to the March 2021 Annual General Meeting of Shareholders.

8.2. AUDIT FEES

Total audit fees paid to Deloitte for the audit of the Company and the Group financial statements in 2020 amounted to CHF 6.8 million (2019: CHF 7.2 million).

8.3. ADDITIONAL FEES

An aggregate amount of CHF 1 million (2019: CHF 1 million) was paid to Deloitte for other professional services, unrelated to the statutory audit activity, mainly composed of tax compliance services, non-statutory and other assurance services.

8.4. INFORMATION INSTRUMENTS PERTAINING TO THE EXTERNAL AUDIT

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. In 2020, the Audit Committee met four times with the external auditors.

The Committee considers and approves the proposed audit plan, conducts assessment of the performance of the auditor and approves audit fees on the basis of the amount of work required in order to perform the audit.

The Audit Committee reviews with the Group auditors the significant financial statement risk areas arising from the audit, including the key audit matters referred to in the statutory auditor's report.

When evaluating the performance of the auditors, the Audit Committee assesses the effectiveness of the audit based on Swiss Law, their understanding of the business of the Group and how matters of significant importance for the Group internal control and financial reporting are identified, reported and resolved. The Audit Committee reviews also how the Group auditors interact with the component audit firms in charge of auditing the main subsidiaries of the Group, and the relevance and timeliness of issuance of statutory audits and management letters.

The Audit Committee places a great emphasis on the independence of the external auditors, and on the absence of conflict of interests, both at the Group level and at the level of individual subsidiaries. It reviews carefully the type of other services which are provided by the auditors, in addition to the audit, to ensure that such ancillary services could not endanger the independence of the audits. Permitted other services include assistance with tax compliance matters, and limited assistance in due diligence or advisory services for prospective acquisitions.

The audit fees are approved on the basis of a negotiated budget agreed with the Group auditors taking into account the complexity of the audit, the structure of the Group and its internal control systems and the responsibility of the auditors.

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 Audit Committee reviews with the Group auditors the significant financial statement risk areas arising from the audit, including the key audit matters referred to in the statutory auditor's report.

The auditor regularly presents its findings, both during the deliberations of the Audit Committee and in written reports, to the attention of the Board of Directors that summarize 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, investment consultants (financial community) and 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, where all financial information and presentations are available. This includes an updated version of the Articles of Association, current information on share buyback programs and minutes of shareholders' meetings. SGS meets regularly with institutional investors, holds results presentations, road shows and presentations at broker-sponsored country or industry conferences, and attends one-on-one meetings.

The Group publishes consolidated half-year unaudited and yearly audited results in print and online formats. The Annual Report is published in English and is available upon order from the Group's website. The current list of publication dates is available on the Group's website.

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.

The address of SGS main registered office and contact details by phone and email can be found on page 108 of the Annual Report.