1. OUR COMMITMENT

Carbon emissions from motor vehicles contribute to the rise in carbon dioxide (CO₂) concentrations in the atmosphere, which are a major factor in climate change. Motor vehicles are calculated to generate around one-fifth of man-made CO₂ emissions, with passenger cars contributing approximately 12%¹. If long-term climate protection targets are to be met, the transport sector must play its part by reducing absolute CO₂ emissions from vehicles.

In all SGS operations, we continually strive to reduce our climate impacts, including the emissions from our use of transport fuel.

2. POLICY SCOPE

This policy covers vehicle fuel emissions from SGS “company cars”.

According to SGS definition, a “company car” is a car with the capacity to hold a maximum of eight people, which is paid by SGS and is used either as a:

- Necessity car (i.e. a car that is required by SGS employees to fulfill their job).
- Benefit car (i.e. a car that is provided by SGS to a manager or specialist, which is paid for by SGS or by the employee).

The following types of cars are defined as “company cars”, thus, will be included in the scope of the policy:

- Sedane
- 4WD
- Pick-ups
- Compact
- Sports/coupe
- Minivans used primarily to transport people

The following are NOT defined as “company cars”, thus, will remain out of scope of this policy:

- Motorcycles
- Vans
- Minivans used primarily to transport materials, lab equipment or other similar.
- Trucks
- Buses
- Privately-owned, privately-leased and privately-rented vehicles
- Specialist vehicles²

¹ “Commission plans legislative framework to ensure the EU meets its target for cutting CO2 emissions from cars”. European Commission. 2007-02-07.

² Specialist vehicle is defined as a vehicle that has been structurally modified after its manufacturing to meet a special purpose/service and hence cannot be freely challenged with more efficient models.
3. TARGETS AND BOUNDARIES

Our 2020 Sustainability Ambitions require us to reduce our annual CO₂ emissions per FTE and by revenue by 20%, using our 2014 baseline.

Our goal is to reduce vehicle fuel emissions from SGS company cars year-on-year. As such, we aim for all newly purchased or leased cars to emit fewer average grams of CO₂ per km annually than in the preceding year. SGS has set diminishing annual CO₂ emission limits for the period 2016 to 2020.

Commencing April 15, 2016, the following CO₂ emission caps will apply to all newly purchased or leased company cars and will be calculated on an individual vehicle and average fleet emission basis (see the table):

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CO₂ EMISSION CAP PER VEHICLE (gCO₂/KM)</th>
<th>AVERAGE FLEET CO₂ EMISSION CAP (gCO₂/KM)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All regions</td>
<td>North America, Australia</td>
</tr>
<tr>
<td>2016 &amp; 2017</td>
<td>120</td>
<td>216</td>
</tr>
<tr>
<td>2018 &amp; 2019</td>
<td>110</td>
<td>216</td>
</tr>
<tr>
<td>2020</td>
<td>105</td>
<td>198</td>
</tr>
</tbody>
</table>

In 2020, average CO₂ emission per km for our fleet (according to the definitions outlined in this policy) shall not exceed 95 gCO₂/km. The cap is 105 gCO₂/km.

These limitations are applicable worldwide, with the exception of North America (USA and Canada), and Australia, where the average CO₂ emission per km shall not exceed 171 gCO₂/km and the cap is 198 gCO₂/km.

This policy promotes the use of vehicles that qualify as low CO₂-emitting and achieve maximum fuel efficiency. The use of vehicles such as sports utility vehicles (SUVs) and 4-wheel drive (4x4) cars that are above the cap stated above will be subject to approval by the Chief Operating Officer (COO) of the relevant region and will require a compelling mission-related justification, such as the need to manage challenging road conditions in certain specific countries.

4. ROLES AND RESPONSIBILITIES

Senior management is responsible for ensuring compliance with this policy including, but not limited to, the establishment of programmes and compliance with reporting requirements. Sustainability, however, is the responsibility of all of us, at every level within our organization.

It is every Managing Director’s responsibility to ensure that the affiliate’s national company car policy follows the CO₂ limit requirements, and that priority is given to the cars with the lowest possible CO₂ emissions per km.

Managing Directors are required to report annually on the total number of company cars and related emissions. This will enable us to monitor and publish our vehicle emissions data and to share details across the SGS Group.
The Chief Executive Officer of SGS is ultimately responsible for the implementation of this policy, and is assisted by the Sustainability Steering Committee, which oversees the implementation of social and environmental programmes within SGS.

In the implementation of this policy, we act within the framework of laws and international conventions. We respect and comply with environmental legislation, agreements and safety requirements, and other provisions that set the parameters for our business operations.

Our actions are guided by transparency, fact-based decision-making and based on a preventative, precautionary and integrated approach to energy management. This means conforming to or exceeding the requirements of national or international regulations as well as engaging in continuous and informed dialogue with relevant stakeholders.

5. RELATED DOCUMENTS AND POLICIES

This policy supports the SGS Business Principles as well as the SGS Sustainability Policy Statement and the SGS Human Rights Policy Statement. This policy should be read in conjunction with other SGS sustainability policies available at www.sgs.com.

6. POLICY REVISION

This policy may be revised from time to time at the discretion of SGS Corporate Sustainability. All updates will be communicated by Corporate Sustainability to Senior Management and Regional Management.

Daniel Rüfenacht
Group Sustainability Vice President