

Human rights report

We are fully committed to supporting human rights and preventing violations across our global network.

At SGS, we commit to respecting human rights – not just as an ethical obligation, but as an important part of our role in society. This report consolidates the principles, policies and initiatives that demonstrate our commitment to human rights. We aim to improve transparency to our stakeholders in everything we do, and to report on our progress around these efforts.

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Governance

At SGS, human rights permeate the highest levels of management. The SGS Human Rights Executive Committee, formed in early 2017 and chaired by the CEO, is ultimately responsible for and oversees the application of our human rights commitments across the Group.



Laboratory managers, Health & Science, Germany.

The Chief Compliance Officer is responsible for managing compliance with the SGS Code of Integrity, while the SGS supplier code of conduct is jointly managed by our global procurement and corporate sustainability teams. Senior managers are expected to demonstrate visible and explicit support for human rights as defined in the SGS Code of Integrity, the SGS business principles, the SGS human rights policy and the SGS supplier code of conduct.

Our human rights task force oversees strengthening SGS's human rights due diligence program and ensuring it remains suitable to the Company's nature and operations. This taskforce is integrated by high-ranking representatives and steered by corporate sustainability.

Lastly, a dedicated sustainability committee of the Board has been appointed to reflect the growing importance of sustainability, including human rights, to all our stakeholders and build on the substantial work already achieved.

Embedding human rights in our policies, principles and due diligence processes

Our unwavering commitment to respecting human rights is grounded in our SGS Code of Integrity and our SGS business principles, and reflected in our human rights policy, supplier code of conduct and other relevant policies.

Furthermore, we employ an extensive array of controls to evaluate, avert and alleviate risks associated with human rights violations and more general labor rights violations throughout our activities.

Our enterprise risk management system incorporates relevant human rights issues and brings accountability and responsibility for risk management close to our operations.

In addition, we have integrated controls, specifically targeting human rights related risks in our group-wide internal control framework. These controls include, but are not limited to, compliance with minimum wage requirements, overtime rules, changes to pay, collective agreements, etc.

To further mitigate any adverse human rights impact, SGS applies the four-eyes principle in a rigorous manner to all employment-related decisions.

All employment contracts and any changes in an employee's general conditions require at least two levels of approval and the validation of a human resources professional.

In our continuous effort to integrate human rights considerations throughout our operations, we have developed a Human Rights Due Diligence Checklist, tailored for use during social compliance audits within our own operations. This initiative helps us manage operational risks more effectively, uphold our responsible business practices, and foster positive engagement with our stakeholders.

We continue our efforts to integrate human rights into our group-wide policies and control systems.

➔ **For more information see our Human rights policy**



Inspectors, Industries & Environment, Belgium.

Delivering on our human rights commitments

The UNGPs incorporate by reference the rights and principles expressed in the International Bill of Human Rights and in the International Labour Organization Declaration on Fundamental Principles and Rights at Work with its eight core conventions, all of which we respect.

SGS has put in place several policies, procedures and plans to prevent and reduce the risk of having a negative impact on human rights as part of our ongoing commitment to upholding such rights.

Unless specified otherwise, all policies, programs and plans aimed at preventing and mitigating human rights risks, as described in this report, apply to all SGS employees and over 2 600 offices and laboratories operated by SGS.

Fair labor practices

As an employer, we impact the lives of over 99 600 employees and their families. We want our employees to be well and thrive during their time with SGS. We embed human rights in our policies, principles and due diligence processes and invest in programs and services to support human rights throughout the entire employee life cycle.

Embracing diversity in our recruitment process

To ensure that we are increasing the diversity of our hiring, we train our recruiters on recruitment best practices and talent acquisition, and our managers in recruitment, interviewing and diversity best practices. We are also measuring the gender diversity of our applicants. SGS has a standardized recruitment process. The process includes the use of interview scorecards to standardize the evaluation of our candidates in the interview process. The proper and consistent use of interview scorecards helps us to remove potential interview bias, create a quantitative standard for candidate evaluation and to make better hiring decisions. Furthermore, SGS designed a gender bias toolkit to help us prevent using gender-biased wording in job adverts. Gender-biased words can be viewed as discrimination towards male or female candidates and could discourage people from applying to work for SGS.

To bring our human rights commitment to life, we embrace and follow the principles of the United Nations Global Compact and United Nations Guiding Principles (UNGPs) on business and human rights.

Enhancing our recruitment practices, we have increased the use of AI predictive analytics. By integrating AI tools, we are able to analyze a wide array of candidate data without prejudice, effectively removing unconscious biases from the hiring process. The utilization of AI in our recruitment strategy reinforces our dedication to promoting diversity by ensuring that hiring decisions are based on merit and potential, regardless of the candidate's background.

Fair and competitive remuneration

SGS is committed to providing fair and competitive remuneration packages in all the markets in which we operate.

Our approach ensures a fair and competitive remuneration package by utilizing a globally recognized job architecture methodology throughout the SGS Group. This methodology evaluates each job based on its contribution to our business success as well as the knowledge, qualification, skills and experience required to perform the job. It allows us to benchmark our remuneration packages against local market practices, using data collected from salary surveys conducted by reputable professional service providers.

Salary adjustments are a reflection of the employee's contribution to our business success as well as external factors such as local legislation and collective bargaining agreements where applicable.

The deployment of our new Human Capital Management system, mySGS, has significantly enhanced our ability to manage and evaluate global job architecture effectively. With mySGS, we have centralized job data, including job grades. This enables us to conduct comprehensive data analysis, such as gender pay gap analysis. It provides immediate insight into pay disparities, which we can address promptly through corrective measures. This level of analysis and proactive management ensures our remuneration packages remain fair and competitive while reinforcing our commitment to equal pay for work of equal value across the SGS Group.

Our consistent application of these methodologies is a testament to our dedication to promoting the principle of equal pay and supporting diversity within our global operations.

In adherence to our anti-discrimination and dignity at work policy, we continue to ensure that every employment-related decision, including compensation, benefits, recognition and promotions is based solely on an individual's qualification, performance and behavior or other legitimate business considerations without discrimination.

We rigorously respect minimum wages defined by the local regulations and comply with all the mandatory requirements defined by local legislation or binding collective bargaining agreements with regards to wages and their evolution.

No cash policy

SGS recognizes that cash-based wage payments are not only inefficient for employers, but also risky and disempowering for workers.

We therefore follow the recommendations of the International Labour Organization and the UN-based Better than Cash Alliance to shift wage payments from cash to digital, in order to promote respect of workers' rights, broaden financial inclusion and to make payments safer and more transparent.

Our group policies require wages to be paid digitally and not through cash or cheques.

Education and employability

SGS promotes the right to education by offering continuous learning opportunities to all our employees. Our employee online learning portal offers a large portfolio of learning opportunities, ranging from technical knowledge to interpersonal and management skills. It enables our employees to fully customize their individual learning path to their needs. We believe that helping our employees embrace a lifelong learning mindset will empower them to increase their employability and help them be more resilient to life challenges.

The recent integration of an auto-translation tool into SGS Campus allows for course materials to be translated into 72 languages, significantly increasing the accessibility and reach of these resources. This enhancement ensures employees worldwide can engage with learning in their native language, promoting inclusivity and fostering a learning environment that accommodates a diverse workforce.

Anti-discrimination and dignity at work

As a global company, we consider that it is our responsibility to stand up for human rights and practice tolerance, inclusion and respect to enable a better, safer and more interconnected world.

We achieve this goal through the promotion of greater debate and transparency, and the exchange of different views, experiences and perspectives.

The general obligation of every employee to abide by the principles of anti-discrimination is embedded in our SGS Code of Integrity and our group policy on anti-discrimination and dignity at work.

The latter aims to raise awareness of our zero tolerance of any form of discrimination and provide guidance on how to deal with it. It supports our commitment to promoting an equal opportunity workplace for all employees and an environment in which we treat everyone with dignity, consideration and respect.

We encourage our employees to act immediately and speak up if they encounter discrimination. At SGS, there is no place for any form of discrimination.

SGS's commitment to an inclusive workplace has earned significant acknowledgment. We are proud to have been ranked 45th among the top 100 publicly traded companies in the 2023 Refinitiv Diversity and Inclusion Index, which reflects our unwavering commitment to promoting diversity and inclusion throughout the Group.

Facilitating the freedom of expression and opinion

At SGS, we are dedicated to fostering an atmosphere where people can freely engage in dialogue, offer ideas and voice their opinions without worrying about facing consequences. We place a high priority on open communication. In order to foster sharing, cooperation and engagement, we are dedicated to fostering an open and sincere relationship with our employees, as stated in our business principle on leadership.

To enable our employees to share their honest feedback anonymously and to help us understand how our employees feel about working for SGS, we conduct regular employee engagement surveys.

We use communication tools, such as MS Viva Engage, as SGS's private and social collaboration network to foster open dialogue. All our employees can join the SGS private network on MS Viva Engage, ask questions, share ideas, express their opinion, and create and join communities.

Bonded labor, child labor and forced labor

SGS does not engage in bonded labor, child labor or forced labor.

As an inspection, verification, testing and certification company, it is in the nature of our business to employ workers with a certain level of occupational qualifications (e.g. inspectors, auditors, office workers, laboratory personnel, etc.) In our own operations, a large part of our activities is therefore considered inherently low-to-medium risk for bonded labor, child labor or forced labor.

We believe the policies and procedures in place mitigate any risks related to bonded labor, child labor or forced labor.

Health and safety

At SGS, we recognize that our operations can impact the health of our workforce. Some of the harmful health risks and agents in our workplaces include exposure to noise, dust, chemicals, thermal and musculoskeletal stressors.

In order to ensure early detection of potential ill health, we conduct pre-employment and periodic health surveillance on our workforce. Through appropriate case management, we support management and recovery from illness resulting from these exposures.

In line with our culture of care, we promote initiatives to enhance the physical and mental well-being of our employees to ensure their fitness for work. This includes the provision of preventative health measures, such as vaccinations, and mental and physical health programs focused on awareness, support and resilience.

SGS advocates for educating and raising awareness among its entire workforce as a means of ensuring the health and safety of all its employees and delivers around 3 million training hours on health and safety per annum to our employees.

In addition, SGS has identified roles and responsibilities of managers. By establishing a clear mechanism for clarifying responsibilities, managers are encouraged to ensure the safest possible working conditions for their employees.

Zero-recruitment-fee policy

Large recruitment fees can leave employees in situations of debt bondage, a form of forced labor in which a person's labor is demanded as means of repaying a loan, trapping the individual into working for little or no pay until the debt is repaid.

SGS applies a zero-recruitment-fee policy. As part of this fair recruitment practice, SGS never requires an administration fee for processing job applications and never requests money or financial information from an applicant to secure a job as an employee, intern, or to provide services as a contractor.

In recent years, it has come to our attention that various individuals and organizations have contacted people offering false employment opportunities with SGS.

We have taken this matter seriously and notified appropriate legal authorities in an effort to stop such fraudulent schemes.

In addition, we have launched internal and external communication campaigns to prevent candidates from becoming victims.

We invite candidates to check the legitimacy of a job offer or to report potentially fraudulent job offers to our corporate security department.

Home working

To mitigate the risks related to employees working from home, a group policy is in place outlining applicable rules, regulations and norms governing home working.

The policy includes, but is not limited to, guidance on health and workspace safety at home, and rules to prevent potential harassment or discrimination of employees working from home. It also clarifies that the requirements relating to absence, sickness and recording of work time at home must be observed in the same way by home workers as by employees who work in the office.

To help our employees manage mental health while working from home, we offer employee assistance programs in different locations. These include mindfulness sessions, stress management training, virtual yoga, mental health virtual talks, and much more.

Delivering on our human rights commitments continued

Vulnerable groups

Individuals from certain groups or populations may be particularly vulnerable to impacts on their human rights, such as children, women and migrant workers.

SGS takes responsibility for paying special attention to vulnerable groups and recognizing the specific challenges that they may face.

Children

SGS does not employ children under the age of completion of compulsory schooling and, in any case, under 16 years. To ensure this, we closely monitor the age of our employees and confirm a potential candidate's identity and right to work through our global standards on pre-employment screening.

Women

SGS strives to have proportional representation of women in leadership positions throughout the group.

We have included Women in Leadership (CEO-1, CEO-2 and CEO-3 management positions) as a non-financial KPI into the long-term incentive plan of the SGS Group.

In addition, our gender-inclusive recruitment process for leadership positions requires that there is at least one woman on every interview panel and at least one female candidate on every final shortlist for CEO-1, CEO-2 and CEO-3 positions.

In 2021, SGS became signatory of the Women Empowerment Principles – a United Nations private sector initiative that offers guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace and community.

As an example of our efforts, in 2022, SGS in Switzerland obtained Equal Salary Certification, a symbol of excellence in terms of equal pay for all its employees in the country. After successfully passing the statistical analysis of all salaries, The company underwent an internal audit entrusted to an external audit company proving equal pay for women and men.

To further accelerate our progress in diversity, equity and inclusion, we have conducted surveys, one-on-one interviews, and held workshops with our leaders. This valuable feedback will guide the development of our DE&I program.

Migrant workers

We realize the importance and extent of the migration phenomenon and recognize the vulnerable situation in which migrant workers frequently find themselves.

We mitigate the risk of employing workers who are non-documented or in an irregular situation through our global standards on pre-employment screening. Our global standards include, but are not limited to, the confirmation that the identity of our candidates is genuine and that they have a valid visa and work permit for the country of employment.

SGS has also conducted a global compliance review of cross-border employment relationships. Each identified cross-border case was reviewed, tailor-made guidance was provided, and corrective actions were implemented where required. Following the compliance review and, to mitigate any risks related to cross-border employment relationships, SGS set global standards. Through the avoidance of cross-border employment relationships, SGS ensures that employees working in the same location have access to the same rights and working conditions.

Supply chain

With a CHF 2 billion annual supply chain spend, we have a significant opportunity to extend our sustainability principles to many more businesses and employees beyond our own. As a responsible major purchaser, we ensure that goods and services are sourced sustainably and that our suppliers respect human rights.

Code of conduct for suppliers

Our supplier code of conduct 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 values which are shared throughout SGS, its various businesses and affiliates. Every supplier that wants to do business with SGS is required to sign the SGS code of conduct to ensure that they are aligned with our standards and commitments, including those related to human rights. As part of our commitment to sustainable sourcing, we have also included specific questions related to human rights in all our tender activities.

Supplier self-assessment questionnaire

In 2023, we have implemented the SGS self-assessment questionnaire (SAQ) for our key global and local suppliers operating in the top 25 countries.

This is a strategic program that aims to identify potential sustainability risks in our supply chain, especially those concerning human rights and childhood protection, and take action to mitigate these risks, towards a full human right protected partnering.

This program is mandatory for all suppliers in scope to ensure that our current/potential partners comply with our standards.

By the end of 2024 we plan to include all existing and new suppliers into the program within the procurement scope.

Supplier diversity program

SGS knows that diverse supplier networks bring uniquely rich insights and experiences that are vital to our innovative edge. Therefore, we are working to promote diversity and inclusion across our supply chain.

As a result of these efforts, SGS in North America is ensuring that minority-run suppliers have fair opportunities in procurement tenders. By doing so, SGS is not only improving the well-being of underrepresented groups, but also creating a positive socioeconomic impact on society as a whole, as it supports small firms.

Data privacy

SGS is committed to treating the right of any individual to control their own personal information and to decide about it. Privacy is a fundamental human right and SGS has adopted an approach that protects the personal data of our customers, employees and third parties from the moment we collect it to the time we destroy it.

Data privacy is a key principle of our Code of Integrity. SGS respects the privacy and confidential nature of the personal information of any individual we interact with to the extent required for the effective operation of its business or for complying with legal requirements.

Our data privacy policy governs how we collect, use, and manage the personal data of customers, employees and third parties. Moreover, we have developed a management framework to allow us to manage personal data in a manner that is consistent with the data privacy policy across all affiliates.

Aside from the policies, our data protection officers provide continuous advice, identify privacy risks, develop policies on specific issues, and train employees on data privacy.

We also take data privacy into consideration from the outset when developing new services or processes. By following the privacy by design approach, we aim to avoid a 'collect first, ask questions later' approach to personal data. For those projects that entail data privacy concerns, our data protection officers work closely with the relevant business and IT security teams to undertake a data protection impact assessment, documenting both the potential risks to individuals and the measures being taken to minimize them.

Finally, any individual who wants to exercise their privacy rights can do so by simply visiting our online privacy request form at www.sgs.com. We will not discriminate against individuals who choose to exercise any of their rights. Specifically, SGS will not deny goods or services, charge different prices or rates, or provide a different level of quality of services.

Empowering human rights

At SGS, we believe that people are empowered when they understand their human rights, know how to raise concerns and are provided with remediation consistent with local laws and the United Nations Guiding Principles (UNGPs) on business and human rights.

Human rights related training

We strive to build a culture of respect for human rights at SGS. We offer training on human rights related topics, because we believe that raising awareness and sharing values through training is crucial to ensuring that our employees act responsibly. Some examples of courses related to human rights, in addition to those described above, include:

- Human rights
- SGS Code of Integrity
- The integrity minute
- Health and safety
- IT security and data privacy

Grievance mechanism

We communicate extensively throughout the Group on the different channels through which employees, external rights-holders and stakeholders can bring any violations or risks of human rights violations to our attention.

Our SGS integrity helpline is available 24/7 in multiple languages online and by phone and is one way to report concerns confidentially and anonymously. The SGS integrity helpline is operated by an independent service provider specialized in dealing with compliance and ethics concerns. Communications made to this helpline are treated confidentially and are reported to the SGS compliance team which protects the anonymity of the informant, where required.

SGS ensures that nobody faces any form of retaliation or adverse consequences for having sought advice or reported any violations or risks of human rights violations. Retaliation against a rights-holder who has reported a violation in good faith will result in disciplinary action.

More information on our grievance mechanism can be found in the SGS Code of Integrity and human rights policy as well as our group policy on anti-discrimination and dignity at work.

Remediation

We recognize that even with the best policies and practices, SGS may cause or contribute to an adverse human rights impact that we have not foreseen or been able to prevent.

When this occurs, SGS applies remediation actions to ensure that the people who were negatively affected receive an effective remedy.

In line with the UNGPs, when an adverse human rights impact is detected in our own operations, SGS is committed to taking transparent action to remedy the situation in a fair and equitable manner. Should the adverse impact be found in the supply chain, SGS will encourage its suppliers to respect human rights, either through the development and implementation of corrective action plans or governance.

We do not tolerate violations of the Code of Integrity. Violations of the SGS code will result in disciplinary action, including termination of employment and criminal prosecution for serious violations.

In 2023, there were three cases of human rights grievance identified through the SGS integrity helpline. These resulted in three disciplinary actions and one termination.

Shareholder information

Key dates and events

26 March 2024	Annual General Meeting
26 April 2024	2024 Q1 sales update
24 July 2024	2024 half year results
25 October 2024	2024 Q3 sales update
November 2024	Capital Markets Day
11 February 2025	2024 full year results

Stock listing information

Stock exchange listing	SIX Swiss Exchange, SGSN
Stock exchange trading	SIX Swiss Exchange
Common stock symbols	Bloomberg: Registered Share: SGSN.SW Reuters: Registered Share: SGSN.S Telekurs: Registered Share: SGSN ISIN: Registered Share: CH0002497458 Swiss security number: 249745

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