

Invitation to the Annual General Meeting of Shareholders of SGS SA



WHEN YOU NEED TO BE SURE

SGS

Geneva, the 1st March 2023

Dear Shareholders of SGS SA,

After another challenging year for the global economy, I am pleased to share with you today that SGS delivered a resilient business performance. I am proud of how our teams around the world navigated this difficult external environment, and I would like to express my thanks to our colleagues, customers, partners and suppliers for their continued commitment and great collaboration.

Through our joint efforts, we have been able to announce a strong performance of the SGS group in 2022, generating sales growth of 6.8% at constant currency, to CHF 6.6 billion, with mid to high-single digit growth achieved across all divisions. Adjusted profit attributable to shareholders increased by 2.8% to 689 million. The Board will thus be able to recommend a distribution of dividend of CHF 80 per share.

At the Annual General Meeting 2023, our long-standing Board member, Paul Desmarais will step down, after 13 years of service. I would like to express my appreciation and thank him for his great support, dedication and contribution over these many years. In addition, we will propose to the Annual General Meeting to elect Jens Riedl as a new Board member, adding new strategic expertise as we prepare to enter the next phase of growth and continue to build our thriving future.. All other Board members will stand for re-election. We continue to ensure the Board has the necessary competencies and the right blend of expertise

I would also like to mention the recent revision of the Code of Obligations on Swiss Company Law, which entered into force in January 2023. The Board has decided to take this opportunity to revise and adapt the company's Articles of Association and will ask the shareholders to approve these changes, which have been made in part to comply with new rules, and in part to modernize the Articles of Association themselves.

Finally, there is no doubt that this year will present again many challenges, with continuing disruptions created by inflation in many parts of the world and increasing political tensions and uncertainties. But I have every confidence that our leadership team and our dedicated employees worldwide will be up to these various challenges, find new potentials for growth and navigate successfully through these turbulent times. Our people are at the heart of our business, and it is their contribution and passion that makes SGS such a unique and truly purpose-driven company. After another particularly challenging year, I would also like to take the opportunity to share my heartfelt thanks and gratitude to my fellow members of the Board of Directors, the Executive Committee and all our colleagues worldwide.

I would also like to thank you, our Shareholders, for your trust and continuing support. I look forward to seeing and meeting you all in person on March 28th, 2023. Looking ahead, I remain confident our Company will continue on its path of long-term success, creating further value for all stakeholders through profitable, responsible growth, guided by our purpose.

Yours truly,



Calvin Grieder
Chairman of the Board of Directors



Geneva, 3rd March 2023

Tuesday, 28 March 2023
at 14:00
(doors opened at 13:00)

Théâtre du Léman
(Fairmont Grand Hotel Geneva),
Quai du Mont-Blanc 19
Geneva

Agenda

- 1. Annual Report 2022**
 - 1.1. Annual report and financial statements of SGS SA and of the SGS Group
 - 1.2. Advisory Vote on the 2022 Remuneration Report
- 2. Release of the members of the Board of Directors and of the Management**
- 3. Appropriation of Profit**
- 4. Elections**
 - 4.1. Election to the Board of Directors
 - 4.2. Election of the Chairman of the Board of Directors
 - 4.3. Election to the Remuneration Committee
 - 4.4. Election of the Statutory Auditors
 - 4.5. Election of the Independent Proxy
- 5. Remuneration Matters**
 - 5.1. Remuneration of the Board of Directors until the 2024 Annual General Meeting
 - 5.2. Fixed Remuneration of Senior Management for the fiscal year 2024
 - 5.3. Annual Variable Remuneration of Senior Management for the fiscal year 2022
 - 5.4. Long Term Incentive Plan to be issued in 2023
- 6. Revision of the Company's Articles of Association (adaptation to new company law)**
 - 6.1. Share split
 - 6.2. Replacement of the authorized share capital by a capital band
 - 6.3. Adaptation of the scope of the company
 - 6.4. Organisation of shareholders and board meetings
 - 6.5. Minority shareholders rights
 - 6.6. Rules on remuneration

Proposals of the Board of Directors

1. Annual Report 2022

1.1. Annual Report, financial statements of SGS SA and consolidated financial statements of the SGS Group for 2022

Proposal:

Approval of the annual report, the financial statements of SGS SA and the consolidated financial statements of the SGS Group.

1.2. Advisory vote on the 2022 Remuneration report

Proposal:

Acceptance of the 2022 Remuneration report.

Explanation:

The vote on the Remuneration report is non-binding and is designed to allow Shareholders to express their opinion on the overall remuneration policies of the SGS Group.

2. Release of the Board of Directors and of the Management

Proposal:

Release of the members of the Board of Directors and of the Management.

3. Appropriation of profit resulting from the balance sheet of SGS SA

Proposal:

	CHF
Profit for the year	649'821'069
Balance brought forward from previous year	278'541'020
Dividend paid on own shares released into circulation in 2022 prior the Annual General Meeting of March 2022	(85'841)
Share buy-back program	(250'000'741)
(Transfer to)/Reversal from the reserve for treasury shares	(20'841'198)
TOTAL RETAINED EARNINGS AVAILABLE FOR APPROPRIATION	657'434'309
<i>Proposal of the Board of Directors</i>	
Dividends, CHF 80 per share (1)	(589'524'320)
BALANCE CARRIED FORWARD	67'909'989

Explanation:

If approved, a dividend of CHF 80.- per share will be paid, after deduction of Swiss withholding taxes with a value date of April 3, 2023.

4. Elections

4.1. Elections to the Board of Directors

Proposal:

Re-election of:

- C. Grieder
- S. Atiya
- P. Cheung
- I. Gallienne
- T. Hartmann
- S. du Pasquier
- K. Sorenson
- J.S. Vergis

Election of:

- Jens Riedl

each for a term of one year ending on the date of the 2024 Annual General Meeting.

Explanation:

The Board proposes the individual re-election of the above-listed Directors who have served during 2022. Their biographies and qualifications are included in the Corporate Governance Report of the Company. M. Paul Desmarais, Jr who has served on the Board of Directors since 2013 will not stand for re-election.

The Board proposes the election of Mr. Jens Riedl to the Board of Directors. His biography is enclosed. Mr. Riedl is associated with GBL, the company's major shareholder and does not qualify as an independent director as per the criteria defined by the Company and outlined in its Corporate Governance Report.

4.2. Election of the Chairman of the Board of Directors

Proposal:

Re-election of Mr. Calvin Grieder, for a term of one year ending on the date of the 2024 Annual General Meeting.

Explanation:

In line with the Company's Articles of Association the Chairman is elected by the Annual General Meeting. The Board proposes the re-election of Mr. Calvin Grieder as Chairman of the Board of Directors.

4.3. Election to the Remuneration Committee

Proposal:

Election of:

- S. Atiya
- I. Gallienne
- K. Sorenson

each for a term of one year ending on the date of the 2024 Annual General Meeting.

Explanation:

In line with the Company's Articles of Association, the Members of the Remuneration Committee are elected by the Annual General Meeting. The Board proposes the re-election of Messrs. Sami Atiya and Ian Gallienne and Ms Kory Sorenson. If elected, Mr. S. Atiya will be appointed as Chairman of the Remuneration Committee. Mr. S. Atiya and Ms K. Sorenson qualify as independent Directors as per the criteria defined by the Company and outlined in its Corporate Governance Report.

4.4. Election of Statutory Auditors

Proposal:

Election of PricewaterhouseCoopers SA, Genève, as Auditors of SGS SA and Group Auditors for the business year 2023.

Explanation:

The Board recommends the re-election of PricewaterhouseCoopers SA as auditors for the fiscal year 2023. They have served as auditors for the first time for the fiscal year 2021.

4.5. Election of the Independent Proxy

Proposal:

Election of the public notary firm Notaires à Carouge, Geneva, as Independent Proxy for a term of one year ending on the date of the 2024 Annual General Meeting.

Explanation:

The Independent Proxy exercises the voting rights of shareholders who do not attend physically the Annual General Meeting. He or she is independent from the Company and complies with voting instructions received. The Board has been informed that Mr. Defacqz from the notary firm Jeandin & Defacqz will retire in 2023, therefore, the Board recommends the election of a new public notary firm.

5. Remuneration Matters

5.1. Remuneration of the Board of Directors until the 2024 Annual General Meeting

Proposal:

Approval of an aggregate amount of CHF 2'700'000.- representing the remuneration of the members of the Board of Directors for the period ending on the date of the 2024 Annual General Meeting.

Explanation:

The proposed remuneration of the Board of Directors comprises fixed fees for each of the Board Members, and a fixed fee for the Chairman of the Board of Directors. Board members attending a Board Committee are entitled to additional fees justified by additional work and responsibilities. The amount of remuneration is unchanged from last year.

This amount excludes the Swiss mandatory social contributions (AVS-AI) payable by the Company in relation to the board fees, over which the Board has no control. In accordance with the Company's articles of association, up to 50% of the remuneration can be settled by way of awards of shares.

5.2. Fixed Remuneration of Senior Management for the fiscal year 2024

Proposal:

Approval of a maximum aggregate amount of CHF 12'500'000. representing the fixed remuneration of the members of the Group Operations Council for the fiscal year 2024.

Explanation:

The Company's articles of association provide that the Annual General Meeting approves in advance the maximum aggregate amount payable in fixed remuneration (as defined in the Company's remuneration report) to members of the Operations Council during the following calendar year.

The Company seeks thus approval to pay during the calendar year 2024 up to a maximum aggregate amount of CHF 12,500,000 in fixed remuneration to members of the Operations Council (including the Group CEO). This amount includes the gross base salary, payable to the OC members, but excludes mandatory social contributions payable by the employer, over which the Company has no control. The requested amount also comprises all other cash allowances, contributions to pension plans and other fringe benefits with a monetary value, other than the variable remuneration which is approved separately by the Annual General Meeting.

The requested amount is equal to the amount approved by the AGM in 2022 for the year 2023 (CHF 12,500,000). During 2022, the actual paid fixed remuneration to members of the Operations Council was equivalent to CHF 9.5 million.

5.3. Annual Variable Remuneration of Senior Management for the fiscal year 2022

Proposal:

Approval of an aggregate amount of CHF 4'432'647.- representing the annual variable remuneration of the members of the Group Operations Council for the fiscal year 2022.

Explanation:

On the basis of the Group performance in 2022, the members of the Operations Council (including the Group CEO) are entitled to the payment of annual bonuses in the aggregate amount of CHF 4'432'647.- (for the 2021 performance: CHF 7'230'770.-), out of which 50% will be settled by way of grant of restricted share awards.

5.4 Long Term Incentive Plan to be issued in 2023

Proposal:

Approval of the issuance of a Long-Term Incentive Plan to be granted to the members of the Operations Council in 2023, for a total maximum equivalent to CHF 13'500'000.-

Explanation:

As per the Company's Articles of Association, the Annual General Meeting authorizes the aggregate amount of any long-term incentive plans to be granted to senior management in the current year. The Company seeks approval to issue a new Long-Term Incentive Plan in 2023.

Beneficiaries of the plan will receive Performance Share Units, whose vesting will be contingent upon the Group reaching long-term financial and environmental, social and governance (ESG) objectives in 2025.

The amount subject to the approval of the Annual General Meeting represents the value of the Performance Share Units at the time of their grant, assessed at the maximum possible vesting level under the plan rules. The main principles of the proposed Long-Term Incentive Plan are outlined in the Remuneration Report.

6. Revision of the Company's Articles of Association (adaptation to new company law)

In January 2023, a revision of the Code of Obligations on company law entered into force. The Board of Directors propose the following changes to the articles of association of the company, in part to comply with new rules, and in part to adapt the Articles of Association. A comparison of the current and proposed new version of the Company's Articles of Association is attached to this convocation, along with explanations of the proposed changes.

6.1 Share split

Proposal:

Approval of the division of the nominal value of the company's shares by a factor of 1: 25, (**article 5 and 5bis of the Articles of Association**).

Explanation:

The proposal would result in the value of the shares of SGS to be more in line with the average shares on the SPI stock exchange and would increase liquidity in the market for the company's shares.

6.2 Replacement of the authorized share capital by a capital band

Proposal:

Approving a so-called capital-band, allowing the Board of Directors to increase or decrease the share capital within a band, between CHF 7'250'000 and CHF 8'000'000.- such authorization being valid for a period of 5 years (**article 5ter of the Articles of Association**).

Explanation:

The current version of the articles of association includes an authorized share-capital allowing the Board of Directors to increase the Company's share capital of CHF 7.5 million by an amount of CHF 500'000.- The proposal aims to translate this authority into the new rules and add a delegation to reduce the share capital by CHF 250'000 over the current position.

6.3 Adaptation of the scope of the company

Proposal:

Adaptation of the Company's object to its current field of activity (**article 2 of the Articles of Association**).

Explanation:

The group activities can be described as testing, inspection, and certification (TIC). The proposal aims to make explicit reference to these activities, in replacement of the outdated term of superintendence in the current version.

6.4 Organisation of shareholders and board meetings

Proposal:

Revision of some provisions relating to the organisation and competences of the shareholders' meetings and board meetings, in compliance of the new Code of Obligations (**article 9 paragraph 1, item 3; article 12, paragraph 3; article 13; article 13bis(new); article 15, paragraph 2; article 16; article 17, paragraph 3; article 21 and article 22 (English version) of the Articles of Association**).

Explanation:

The proposed revision adapts the Articles of Association to the new law and to current practices and allow some flexibility to the Company in the organisation of the future shareholders meetings.

6.5 Minority shareholders rights

Proposal:

Revision of **article 11 paragraph 2**.

Explanation:

The new law has lowered some of the legal thresholds allowing shareholders to exercise the right to convene an extraordinary shareholders meeting and to submit a proposal to the meeting. The proposed revision adapts the Articles of Association to the new limit required to convene a shareholders meeting. The other thresholds in the current articles of association are already lower than the minimum legal requirements, so there are no reasons to change those.

6.6 Rules on remuneration

Proposal:

Defining in the Articles of Association, the conditions under which a compensation to a new member of the management joining the Group can be approved by the Remuneration Committee to compensate proven financial losses (in line with the new law) and additional flexibility given to the Board of directors to pay remuneration to new members of the management team, joining the group after the resolution on remuneration has been decided by the shareholders' meeting.

Explanation:

The new law introduces some new criteria under which so-called sign-on indemnities can be awarded to new members of management. The revision of the Articles of Association is in line with this new law. In addition, the board recommends some greater flexibility in the event of management changes, in line with practices observed at other Swiss companies.



ANNUAL GENERAL MEETING OF SHAREHOLDERS OF SGS SA Annex to the Invitation

Biography of Mr. Jens Riedl, candidate for election to the Board of Directors

Mr. Jens Riedl
Nationality: German
Year of Birth: 1973

Mr. Riedl earned a Master in Business Administration (lic. oec. HSG) from the University of St Gallen and he holds a PhD degree from European Business School for his thesis on “Value-Based Performance Management”.

He has 25 years of experience in the Business and Professional Services sector, both as consultant and as investor. His area of expertise includes Testing, Inspection and Certification (TIC), ESG, Transportation & Logistics as well as Industrial sectors such as Automotive, Building Materials and Engineered Products. He has held Board positions in various private and public companies, including companies which are financed by Private Equity.

Jens is currently an Investment Partner of GBL, Brussels, since 2022, responsible for the DACH region and Business Services across Europe.

From 2019 to 2021, he was Investment Partner with the Private Equity firm Permira where he was globally leading the Business Services & Industrials sector.

Previously he had a successful career as consultant with the Boston Consulting Group from 1999 to 2018 in Munich and Sydney, ultimately as Senior Partner and Leader of the Private Equity Practice in DACH as well as the Logistics and TIC sectors globally.

Other mandates:

Jens is currently representing GBL as member of the Supervisory Board of GEA Group in Düsseldorf, a German publicly listed company which is one of the largest suppliers of machinery and components to the food, beverage and pharmaceutical sectors and as a member of the Supervisory Board of Sanoptis, a privately held Swiss / German company which is a European leader in ophthalmology clinics. He is also a Board observer at Canyon, the German bicycle manufacturer.

Since 2018, he is also member of the Supervisory Board of two start-up companies, SecureSystem, Germany, active in the Container supply chain transparency and safety, and EMarketing, active in the optimization of online marketing.



Organizational Matters

Exercise of voting right

Shareholders registered on the Company's share registry with voting right on March 21, 2023 are entitled to exercise their voting rights at the Annual General Meeting.

Physical Attendance at the General Meeting

Shareholders who wish to attend personally the Annual General Meeting are kindly invited to apply for an Admission card by returning the enclosed form to SGS SA, c/o Devigus Shareholder Services, Birkenstrasse 47, CH – 6343 Rotkreuz, no later than March 24, 2023.

Representation at the General Meeting

Shareholders may be represented at the Annual General Meeting by another registered shareholder with a written proxy.

Alternatively, shareholders may, free of charge, appoint the Independent Proxy, to cast their votes.

To grant a proxy, please use do so electronically by accessing the online form using the QR Code in the present convocation, or alternately use the enclosed form and return it to SGS SA, c/o Devigus Shareholder Services with the enclosed envelope.

SGS provides the opportunity to Shareholders wishing to raise a question, or otherwise address the Meeting, to send a message to the Board of Directors through a dedicated e-mail address at: sgs.agm@sgs.com. The Board of Directors will address the most important questions during the Meeting, possibly mentioning the name of the shareholders who submit the questions. All messages will be answered individually by e-mail.

2022 Annual Report

The 2022 Annual Report, including the Business Report, the Corporate Governance Report, the Remuneration Report, the Group's Consolidated Financial Statements, the SGS SA Financial Statements, the Sustainability Report and the reports of the auditors for the financial year 2022 is available for consultation at SGS SA registered office and may be downloaded from its website at www.sgs.com.

French and German Translations

Translations of this invitation to the AGM, including the agenda, explanations and proxy form are available by accessing the site using the QR Code printed in the convocation.

Correspondence

Please address all correspondence regarding the General Meeting to SGS SA, c/o Devigus Shareholder Services, Birkenstrasse 47, CH – 6343 Rotkreuz

Yours faithfully,
SGS SA
BOARD OF DIRECTORS