

Corporate governance

This Corporate Governance report informs shareholders, prospective investors and other stakeholders on SGS's 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 the 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 29 June 2022 (in force since 1 January 2023) and 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.



Mineral Sample Handling
for Analytical Testing, Peru

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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 testing, inspection and certification services.

The shares of SGS SA are listed on the SIX Swiss Exchange (Swiss Security Number: 249745; ISIN: CH0002497458).

The Group consists of two divisions: Testing and Inspection (divided into five regions) and Certification (Business Assurance):

- Testing and Inspection
 - Asia Pacific
 - Eastern Europe, Middle East and Africa
 - Europe
 - Latin America
 - North America
- Certification
 - Business Assurance

Two business lines provide support on business development and global accounts to the P&L owners:

- Business lines
 - Industries & Environment and Natural Resources
 - Connectivity & Products and Health & Nutrition

- Functions
 - Finance
 - Legal & Compliance
 - Information Technology
 - Human Resources

1.1.2. Listed companies in the Group

None of the companies under the direct or indirect control of SGS SA have listed shares 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 144 to 145 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 disclosure of significant subsidiaries is limited to entities whose contribution to the Group consolidated financial statements in 2024 represent at least 0.5% of consolidated sales or 1% of consolidated assets as well as the material direct subsidiaries of SGS SA.

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 2024 are provided in note 10 of the consolidated financial statements included on page 102 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 2024, or at the date of their last notification as per Article 120, al. 1 of the Financial Market Infrastructure Act (FinMIA), were Groupe Bruxelles Lambert (acting directly and through Serena SARL, URDAC and FINPAR X), with 19.13% (December 2023: 19.31%) of the share capital and voting rights of the Company, UBS Fund Management (Switzerland), with 6.32% (December 2023: 3.03%) and BlackRock Inc., with 5.21% (December 2023: 5.18%). As at 31 December 2024, the SGS Group held 0.32% of the share capital of the Company (December 2023: 1.64%).

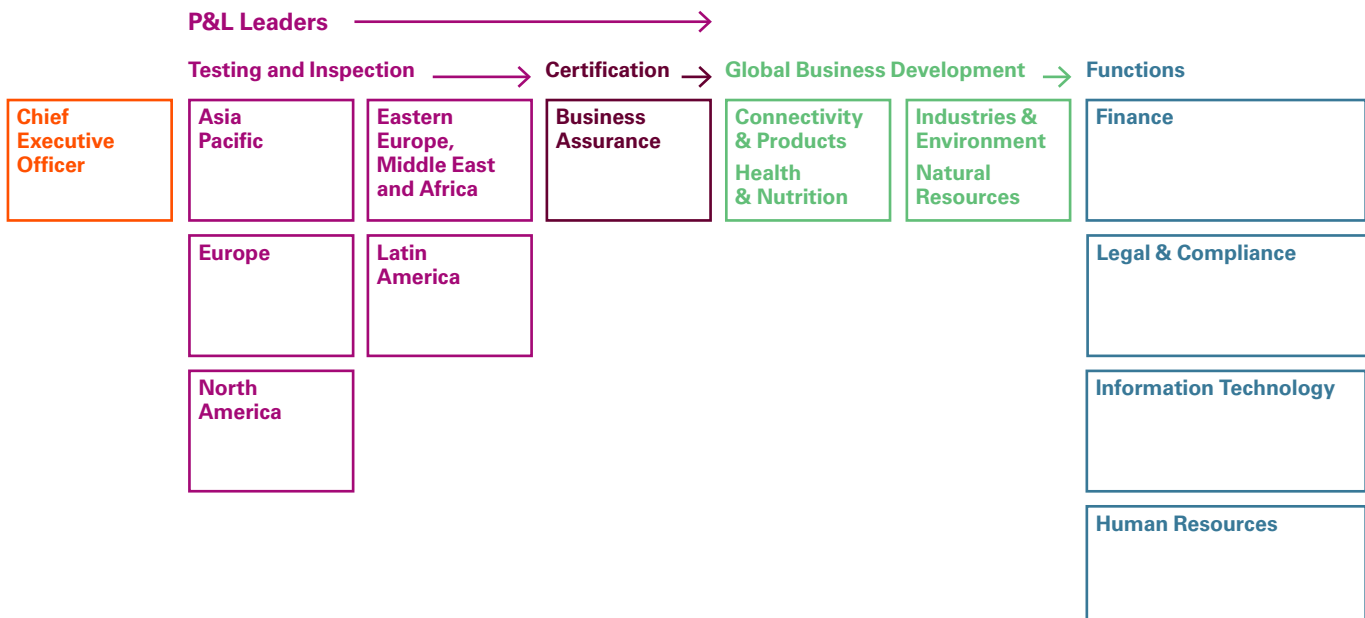
During 2024, the Company has published regularly on the electronic platform of the Disclosure Office of the SIX Swiss Exchange Ltd all disclosure notifications received from shareholders of transactions subject to the disclosure obligations of Article 120, al. 1 of FinMIA.

During 2024, the Company published a total of five reports regarding the composition of its significant shareholders to the Disclosure Office of the SIX Swiss Exchange Ltd.

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.

A group structure to serve clients locally and globally



2. Capital structure

2.1. Issued share capital

The share capital of SGS SA amounts to CHF 7 580 130.36 as of 31 December 2024 and comprises 189 503 259 fully paid-in, registered shares of a par value of CHF 0.04. On 31 December 2024, SGS SA held 609 870 treasury shares (2023: 3 064 685).

2.2. Conditional share capital

SGS SA has conditionally increased its share capital by a nominal amount of CHF 1 100 000 divided into 27 500 000 registered shares with a par value of CHF 0.04 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 189 503 259 shares would increase by approximately 14.5% to 217 003 259 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 10 years from the date of issuance of the equity-linked instruments.

Until 23 March 2023, the Company had an authorized share capital of CHF 500 000 which was not renewed beyond this term.

2.3. Changes in capital

The share capital of the Company was increased in April 2024 to create dividend shares for distribution of the share dividend to eligible shareholders. In 2024, the shareholders approved an increase of the share capital by creation of 4 964 934 shares (corresponding to 2.6% of the share capital).

The share capital of the Company was reduced in August 2024 to cancel shares purchased by application of share buyback programs initiated by the Company. In 2024, the shareholders approved a reduction of the share capital by cancellation of 2 837 475 shares (corresponding to 1.5% of the share capital). In 2023, the nominal value of the registered shares of the Company was divided by a factor of 25; consequently, the number of shares in issue was multiplied by 25, while the share capital remained unchanged. No other changes in the share capital of the Company have been 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. Treasury shares owned directly or indirectly by the Company do not earn dividends. 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. The Company has a single class of shares and no preferential rights 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 2024, no options or similar instruments have been issued by the Company or by any of the Group's subsidiaries.

3. Board of Directors

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 and consultancy functions, official tenures and political commitments, both in Switzerland and abroad.

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 for the Annual General Meeting.

The Board of Directors has set out criteria for the selection of new Directors and has conducted a search which results in periodic changes to the composition of the Board of Directors. 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 for 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 times, the Board and its committees have the required skills.

At the Annual Shareholders Meeting of March 2024, Shelby Du Pasquier did not stand for re-election. All other members were re-elected for a term of office of one year.

Biographical information on former members of the Board of Directors is available in the corporate governance reports of prior years.

The members of the Board of Directors as at 31 December 2024 were as follows:

Board members, key industry experience based on the Global Industry Classification Standard (GICS):

	Industrials	Consumer discretionary	Consumer staples	Healthcare	Financials	Information technology	Communication services
Calvin Grieder	✓		✓			✓	✓
Sami Atiya	✓			✓		✓	
Phyllis Ka Yan Cheung		✓					✓
Ian Gallienne		✓			✓		
Tobias Hartmann		✓				✓	
Jens Riedl	✓				✓		
Kory Sorenson					✓		
Janet S. Vergis				✓			



Calvin Grieder

Nationality: Swiss

Year of birth: 1955

Appointment: March 2019

Function in SGS

- Chair: Board of Directors
- Chair: Nomination Committee
- Sustainability Committee

Key experience

- Automation and control technology (USA)
- Food processing
- Risk management
- System engineering and services
- Telecom and digital services

Professional history

2001-2016: Bühler (CH); CEO

1999-2000: Swisscom (CH & DE)

1994-1998: SIG (CH)

1991-1994: Mikron (CH)

1984-1990: Bürkert (DE & USA)

1980-1983: Georg Fischer (CH & USA)

Education

- Master of Science in Process Engineering, ETH Zurich
- Advanced Management Program (AMP), Harvard University

Other activities and functions

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

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

Carivel7 AG, Zurich (CH), Owner

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

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

Advisory Board ETH – Department of
Mechanical & Process Engineering (CH)



Sami Atiya

Nationality: German

Year of birth: 1964

Appointment: March 2020

Function in SGS

- Board of Directors
- Nomination Committee
- Chair: Remuneration Committee

Key experience

- Robotics
- Automation
- Medical technology
- Risk management
- Software and logistics
- Transportation

Professional history

2016-present: ABB Ltd (CH, SE); President and
Executive Committee Member

1997-2014: Siemens Group

1995-1997: Harald Balzer & Partner

1994-1995: Robert Bosch – Blaupunkt

1988-1993: Fraunhofer Institute Karlsruhe
Institute of Technology

Education

- Master of Business Administration (MBA),
Massachusetts Institute of Technology (MIT),
USA
- Master's degree in electrical engineering and
automation, Karlsruhe Institute of Technology,
Germany
- PhD in Electrical Engineering (Robotics,
Artificial Intelligence and Sensors),
University of Wuppertal/Karlsruhe Institute
for Technology, Germany



Phyllis Ka Yan Cheung

Nationality: Chinese

Year of birth: 1970

Appointment: March 2022

Function in SGS

- Board of Directors
- Sustainability Committee

Key experience

- Change management
- Digital and data-driven organization
- Enterprise-level risk management
- Growth in Asian markets
- Retail and consumption
- Talent and workforce management

Professional history

2015-present: McDonald's China; CEO

2012-2014: McDonald's Singapore and Malaysia

2000-2011: McDonald's China

1998-2000: Leo Burnett, Hong Kong

1997-1998: Momentum Strategy Consultant,
India

1992-1997: Saatchi & Saatchi,
J. Walter Thompson, Hong Kong

Education

- Bachelor of Arts, The University of Hong Kong,
China
- Executive MBA, The Chinese University
of Hong Kong, China

Other activities and functions

Fellow, Aspen China Fellowship (CN)

Member, Aspen Global Leadership Network (CN)

* Listed company.



Ian Gallienne

Nationality: French, Belgian

Year of birth: 1971

Appointment: March 2013

Function in SGS

- Board of Directors
- Remuneration Committee
- Nomination Committee

Key experience

- Consumer/retail management strategy
- Finance
- M&A
- Risk management

Professional history

2012-present: Group Bruxelles Lambert; CEO

2005-2012: Ergon Capital Partners

1998-2005: Rhône Capital LLC

Education

- MBA from INSEAD, France

Other activities and functions

adidas* (DE), Vice Chairman of the Supervisory Board, Member of the General Committee

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

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

Carpar SA (BE), Member of the Board

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

Financière De La Sambre SA (BE), Member of the Board

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



Tobias Hartmann

Nationality: German, American

Year of birth: 1972

Appointment: March 2020

Function in SGS

- Board of Directors
- Audit Committee

Key experience

- Cybersecurity
- eCommerce and marketplaces
- IT
- Logistics and operations
- Retail
- Risk management
- Technology

Professional history

2018-Feb 2025: Scout24 SE; CEO

2017-2018: HelloFresh SE

2011-2015: eBay Enterprise (part of eBay Inc.)

Education

- MBA, Clark University, USA
- Bachelor of Arts (BA), Clark University, USA



Jens Riedl

Nationality: German

Year of birth: 1973

Appointment: March 2023

Function in SGS

- Board of Directors

Key experience

- Finance and financial risk management
- Industrials and business services
- M&A
- Strategy
- Transportation and logistics
- TIC

Professional history

2022-present: Groupe Bruxelles Lambert; Investment Partner and Head of DACH

2019-2021: Permira

1999-2018: Boston Consulting Group

Education

- MBA from University of St. Gallen, Switzerland
- PhD in Finance from European Business School (EBS), Germany

Other activities and functions

GEA Group*, Düsseldorf (DE), Member of the Supervisory Board, Member of the Presiding Committee, Member of the Nomination Committee

Sanoptis, Zug (CH)/Berlin (DE), Member of the Supervisory Board

Canyon, Koblenz (DE), Observer to the Supervisory Board

emarketing Munich (DE), Member of the Supervisory Board

* Listed company.



Kory Sorenson

Nationality: British

Year of birth: 1968

Appointment: March 2019

Function in SGS

- Board of Directors
- Remuneration Committee
- Chair: Audit Committee
- Chair: Sustainability Committee

Key experience

- Audit and control
- Capital markets
- Financial risk management
- Governance
- M&A
- Remuneration (executive and wider workforce)
- Sustainability

Professional history

2005-2010: Barclays Capital; Managing Director
 2001-2005: Credit Suisse
 1998-2001: Lehman Brothers
 1997-1998: Morgan Stanley
 1995-1997: Commerz Financial Products
 1992-1995: Total SA

Education

- Post-graduate (DESS) degree in corporate finance, l'Institut d'études politiques de Paris, France
- Master's in applied economics, University of Paris-Dauphine, France
- Bachelor's in econometrics and political science, American University, USA
- Governance programs from Harvard Executive Education, INSEAD and the Stanford Graduate School of Business
- Professional certificate IBM Cybersecurity Fundamentals

Other activities and functions

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
 Comgest, Paris (FR), Chair of the Board of Partners
 AA Limited, Jersey (UK), Member of the Board and Chair of Audit and Risk Committee
 Premium Credit Limited (UK), Member of the Board and Chair of Audit and Risk Committee



Janet S. Vergis

Nationality: American

Year of birth: 1964

Appointment: March 2021

Function in SGS

- Board of Directors
- Audit Committee
- Nomination Committee

Key experience

- Board governance and CPG knowledge
- Healthcare (pharmaceuticals, biotechnology and devices)
- M&A
- R&D background
- Strategy
- US leadership across large, complex and heavily regulated businesses

Professional history

2013-2019: various private equity firms
 2010-2012: OraPharma, Inc.; CEO
 1988-2009: Johnson & Johnson

Education

- Bachelor of Science in Biology, Pennsylvania State University, USA
- Master of Science in Physiology, Pennsylvania State University, USA

Other activities and functions

Teva Pharmaceutical Industries* (USA), Member of the Board, Chair of Compliance Committee
 Member of the Human Resources/ Compensation Committee, Member of the Nominating and Governance Committee
 Dentsply Sirona* (USA), Member of the Board, Chair of the Science & Technology Committee, Member of the Compensation Committee
 Church and Dwight Company* (USA), Member of the Board, Chair of the Nomination and Governance Committee, Member of the Compensation and Human Capital Committee, Member of the Executive Committee

* Listed company.

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 nor a family member has received any payments from the Group other than board remuneration approved by the Annual General Meeting
4. The Director is not acting (and must not be affiliated with a company that is acting in material manner) as an advisor or consultant to the Company or a member of the Company's Executive Committee
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 Executive Committee
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
10. Any Director who has served for more than 12 consecutive terms is no longer considered as independent

The Board of Directors has concluded that its members are independent on the basis of these criteria, with the exception of Ian Gallienne and Jens Riedl (both being representatives of a significant shareholder owning more than 10% of the shares of the Company).

None of the members of the Board of Directors exercise or have exercised an executive role or operational management tasks for the Company or any entity of the Group. None of them have any significant business connection with the Company or the Group.

The remuneration of the members of the Board of Directors is detailed in the Remuneration Report. The Chair of the Board, jointly with members of the Board of Directors, assesses 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.

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 and vested interests

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

The Company's articles of association limit the number of mandates permissible to members of the Board.

These rules limit the number of mandates that members of the Board can accept to no more than 10 mandates as members of the top governing or administrative body in entities outside the Group, of which a maximum of five as member of the top governing or administrative body of listed companies. 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 association, foundations 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 Chair of the Board of Directors and the members of the Remuneration Committee, is elected annually by the shareholders for a period ending at the next Annual General Meeting. Each member of the Board of Directors is individually elected. There is no limit to the number of terms a Director may serve. The initial date of appointment of each member of the Board 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 Chair of the Board of Directors is elected by the Annual General Meeting. 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 the committees are appointed by the Board of Directors.

3.5.2. Committee composition

The following chart describes the committees and their membership as at 31 December 2024:

	Remuneration	Audit	Sustainability	Nomination
Calvin Grieder			●	●
Sami Atiya	●			●
Phyllis Ka Yan Cheung			●	
Ian Gallienne	●			●
Tobias Hartmann		●		
Jens Riedl				
Kory Sorenson	●	●	●	
Janet S. Vergis		●		●

● Chair ● Member

The Chair of the Board of Directors attends the meetings of the Remuneration and Audit Committee with a consultative vote. He chairs the Nomination Committee and is a member of the 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 the committee meetings are available to all Directors.

Remuneration Committee

Members of the Remuneration Committee are elected individually by the Annual General Meeting, with the Chair of the Committee designated among them by the Board of Directors. The Remuneration Committee is focused on matters of executive remuneration. The Remuneration Committee acts in part in an advisory capacity to the Board of Directors, and in part as a decision-making body on matters that the Board of Directors 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 the Executive Committee, and on general policies relating to remuneration applicable to the Group. The Committee defines the conditions of share-based remuneration plans and other variable compensation plans, 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 Executive Committee. The Committee reviews regularly, at least once a year, the compensation of each member of the Executive Committee. 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, reporting on non-financial matters and internal controls. Such duties include consideration of the appropriateness of accounting policies, the adequacy of internal controls, risk management and legal and regulatory compliance. It exercises oversight over the major risks identified by the Board of Directors. This includes specifically the risks of cybersecurity. It receives regular reports on cybersecurity incidents and measures taken by management to address this risk. The Audit Committee 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.

Sustainability Committee

A dedicated Sustainability Committee was established in 2022 in response to the growing importance of sustainability to the Company and its stakeholders.

The Committee plays an important role in supporting the Company to develop its sustainability plans and act accordingly and it assists the Board of Directors in fulfilling its responsibilities with respect to the impact of the Group activities on the environment and the communities in which it operates. The Committee also provides support and advice in the development of new sustainability services directed to customers. The Committee oversees sustainability-related issues that may affect the Group and its customers, including reputational and non-financial risks.

Nomination Committee

The Nomination Committee assists the Board in the succession planning, selection and nomination of candidates on positions to the Board of Directors and on the Executive Committee of the Group.

The Board of Directors and its committees hold physical meetings as well as meetings by video conference. The table below does not make any distinction between physical and remote meetings of the Board of Directors and its committees.

Meetings of	Annual frequency	Average duration
Board of Directors	6 times	4 hours
Remuneration Committee	5 times	2 hours
Audit Committee	4 times	3 hours
Sustainability Committee	4 times	2 hours
Nomination Committee	4 times	2 hours

Attendance at board and committee meetings

The Board of Directors expects its members to attend and participate actively in its meetings and the 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 2024 at the meetings of the Board and the respective standing committees.

Member	Board meetings	Remuneration	Audit	Sustainability	Nomination
Calvin Grieder	6/6			4/4	4/4
Sami Atiya	6/6	3/3			4/4
Phyllis Ka Yan Cheung	6/6			4/4	
Ian Gallienne	6/6	3/3			4/4
Tobias Hartmann	6/6		4/4		
Shelby R. du Pasquier ¹	2/6				
Jens Riedl	6/6				
Kory Sorenson	6/6	3/3	4/4	4/4	
Janet S. Vergis ²	6/6		4/4		

1. Did not stand for re-election in 2024.

2. Elected to the Nomination Committee in March 2024.

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 video conference. The Board of Directors 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 management in order to assist them to prepare for the meetings.

The Board of Directors and each of the committees can request the attendance of members of the management of the Group. The Board of Directors 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 of Directors or committee, with the Chair having a casting vote.

The Board of Directors and its committees convene as often as required. In principle, the Board of Directors meets at least four times a year, i.e. once every quarter. The Board Committees meet at least three times a year.

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 the Executive Committee
- 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

Save as provided for in the Company's internal regulations or otherwise mandated by law or by the Company's articles of association, the management of the Group is delegated to the Chief Executive Officer, assisted in this task by the Executive Committee. The Chief Executive Officer exercises the executive authority and assumes global management responsibility of the Group. In the event of uncertainty on a particular issue regarding the separation of responsibility between the Board of Directors and management, the final decision is taken by the Chair of the Board.

The Chair of the Board is regularly informed of the activities of the Executive Committee by the Chief Executive Officer, the Chief Financial Officer and the General Counsel.

The Executive Committee is chaired by the Chief Executive Officer and consists of those individuals entrusted with the operational management of the Group's activities.

The composition, role and organization of the Executive Committee are detailed in Section 4.

3.7. Information and control instruments vis-à-vis the management

3.7.1. 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.

3.7.2. 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 Group delegated authorities from the Board to management, and procedures for the approval of major investments, acquisitions and other capital allocations.

The Chief Executive Officer and the General Counsel and Chief Compliance Officer attend all meetings of the Board of Directors and its committees. The Chief Financial Officer attends the meetings of the Board of Directors and the Audit Committee.

The Chief People Officer attends the meetings of the Remuneration Committee and Nomination Committee.

The other members of the Executive Committee and further members of the management only participate in the Board and committee meetings by invitation. The Board and each of its committees meet from time to time in private sessions, outside of the presence of management.

3.7.3. Information to the Board

The Board of Directors is constantly informed about the operational and financial results of the Group by way of monthly management reports, which describe the performance of the Group and its business lines.

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.

During Board meetings or committee meetings, board members can request 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 Chair of the Audit Committee, which assesses the effectiveness and appropriateness of the Group's internal controls and risk management. The Audit Committee approves the annual audit plan of the Internal Audit, receives its reports and deliberates on audit findings and is updated on implementation of corrective actions identified by Internal Audit.

3.7.4. General Counsel and Chief Compliance Officer

The Group has a compliance function, headed by the General Counsel and Chief Compliance Officer, who reports to the Audit Committee and the Board of Directors and has direct access to the Chair of the Board.

The compliance function oversees 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 Audit Committee is informed on a regular basis about violations of compliance standards and the implementation of corrective actions, including disciplinary actions taken.

3.7.5. 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 management and the Group Risk Committee. Once identified, risks are assessed according to their likelihood, potential impact 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 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 marketplace; 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.

4. Executive Committee

The management of the Group is entrusted to the Chief Executive Officer and the Executive Committee.

The Executive Committee is composed of 13 members:

- The Chief Executive Officer
- Six P&L leaders responsible for the five regions of the Testing & Inspection division and the Certification division
- Two heads of global business development
- Four members responsible for the global functions



Géraldine Picaud
Chief Executive Officer

Nationality: French
Year of birth: 1970

Joined SGS: 2023

Education

MBA from the Superior School of Commerce of Reims, France

Previous responsibilities

2018-2023: Holcim, Switzerland, Group CFO and member of the Executive Committee

2011-2018: Essilor, France, Group Chief Financial Officer and member of the Executive Committee

Other activities and vested interests

Member of the Board of Directors and Chair of the Audit Committee of Danone SA, France



Steven Du
Head of Asia Pacific

Nationality: Chinese

Year of birth: 1972

Joined SGS: 1999

Education

MSc Logistics & Supply Chain Management

Previous responsibilities

2021-2024: SGS, COO of North-East Asia Pacific

2019-2021: SGS, Managing Director of Mainland China and Hong Kong SAR



Malcolm Reid
Head of Europe

Nationality: British

Year of birth: 1963

Joined SGS: 1987

Education

BSc Chemistry

Previous responsibilities

2015-2024: SGS, COO of South-East Asia Pacific

2012-2015: SGS, EVP of Consumer Testing Services



Teymur Abasov
Head of Eastern Europe, Middle East and Africa

Nationality: Azerbaijani

Year of birth: 1972

Joined SGS: 1994

Education

Master's Degree in electrical engineering

Previous responsibilities

2007-2024: SGS of COO Eastern Europe & Middle East

2006-2007: Managing Director



Rafael Navazo
Head of Latin America

Nationality: Spanish

Year of birth: 1977

Joined SGS: 2024

Education

MSc in Management from HEC Paris

Mining Engineer degree from Universidad Politécnica of Madrid

Previous responsibilities

2020-2024: Vesuvius, Vice President of EMEA Flow Control

2016-2019: Imerys, GM and VP of EMEA & Asia Filtration division



Derick Govender
Head of North America

Nationality: South African

Year of birth: 1970

Joined SGS: 2002

Education

Analytical Chemistry and Management Degrees

Previous responsibilities

2020-2024: SGS, EVP of Natural Resources

2015-2020: SGS, EVP of Minerals Services



Jeffrey McDonald
Head of Business Assurance

Nationality: Australian/American

Year of birth: 1964

Joined SGS: 1995

Education

Postgraduate Diploma in education

Previous responsibilities

2015-2020: SGS, EVP of Certification and Business Enhancement

2007-2015: SGS, COO of North America



Egidijus Jokubauskas

Head of Industries & Environment and Natural Resources

Nationality: Lithuanian

Year of birth: 1971

Joined SGS: 2006

Education

Master's degree in marine transport technologies from the University of Klaipeda, Lithuania

Engineering degree in Marine Power Installations from the University of Klaipeda, Lithuania

Previous responsibilities

2021-2024: VP, Mineral Commodities

2015-2021: VP, Energy Minerals



David Plaza

Chief Information Officer

Nationality: Spanish

Year of birth: 1975

Joined SGS: 2020

Education

IT Engineer – graduated in Sport Science

Previous responsibilities

2020-2024: SGS, Chief Information Officer

2018-2020: Adecco Group, Regional IT Head South Europe & EEMENA



James Roberts

Chief People Officer

Nationality: British

Year of birth: 1971

Joined SGS: 2024

Education

MSc in Organisation Development

BA Business studies

Previous responsibilities

2017-2024: Holcim UK, HR Director

2008-2016: Alstom Power/GE (Switzerland), VP HR of Energy Services



Charles Ly Wa Hoi

Head of Connectivity & Products and Health & Nutrition

Nationality: French

Year of birth: 1966

Joined SGS: 1992

Rejoined: 2008

Education

Degree in electronics engineering from ENSEIRB-MATMECA

Previous responsibilities

2021-2024: SGS, EVP of Connectivity & Products

2018-2020: SGS, Vice President of Retail Solutions and European Business Development, Consumer and Retail



Marta Vlatchkova

Chief Financial Officer

Nationality: French/Bulgarian

Year of birth: 1977

Joined SGS: 2024

Education

Master's degree in finance from the University of Paris II Pantheon-Assas, France

Bachelor's degree in international Economic Relations from the University of National & World Economy in Sofia, Bulgaria

Previous responsibilities

2023-2024: Sandoz, Chief Accounting Officer

2018-2023: Holcim, Head of Group Accounting, Reporting and Financial Planning & Analysis



Martin Oesch

Group General Counsel & Chief Compliance Officer

Nationality: Swiss

Year of birth: 1973

Joined SGS: 2024

Education

Master's degree in law from the University of Berne

Master of Laws degree (LLM) from the University of Chicago Law School

Previous responsibilities

2016-2024: Barry Callebaut, Switzerland, Group General Counsel & Corporate Secretary

2014-2015: Barry Callebaut, Switzerland, Head Legal & Compliance of EMEA

Other activities and vested interests

Member of the Board of Directors of Cocoa Horizons Foundation

During 2024, Frankie Ng, CEO; Olivier Merkt, General Counsel and Chief Compliance Officer; Olivier Coppey, EVP of Health & Nutrition; Fabrice Egloff, COO of Africa & Western Europe; Luis Felipe Elias, COO of Latin America; Stephen Nolan, COO of North America; Alim Saidov, EVP of Industries & Environment; Wim van Loon, COO of Northern & Central Europe and Jessica Sun, Head of Group Human Resources, left the Executive Committee and the Company. Biographical information on former members of the Executive Committee may be found in prior years' Corporate Governance reports at www.sgs.com/en/investors/reports.

4.1. Limits on external mandates

The articles of association of the Company limit the number of mandates permissible to members of the Executive Committee, to no more than four mandates as members of the top governing or administrative body of legal entities outside the Group, of which a maximum of one as members of the top governing or administrative body of listed legal entities. 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 association and other not-for-profit organizations to no more than 10 such memberships.

4.2. 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: 1) to attract and retain the best talent available in the industry, and 2) 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 Executive Committee receive a fixed remuneration and are entitled to a performance-related annual bonus and a Long-Term Incentive plan.

The Annual General Meeting approves the compensation payable to the Board and the Executive Committee. 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 the Remuneration Committee, whose members are 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 Executive Committee. Please refer to the Remuneration report, pages 61 to 64 for a description of the Company's rules in the matter.

In the event of changes in composition of the Executive Committee occurring after the approval by the Annual General Meeting of the remuneration of the executive team, the Board is authorized to increase up to a maximum of 40% 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 2024 (same as at 31 December 2023), no loan or advance has been granted by the Group to members of the Executive Committee.

5.2.3. Rules on vote on pay

See section '3. Remuneration governance' in the Remuneration report (page 56-57).

6. Shareholders' participation rights

All registered shareholders are informed 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. The Company's annual report and press releases are publicly available on its website.

6.1. Voting rights and representation restrictions

All registered shareholders can attend the General Meetings of Shareholders and exercise their right to vote. A shareholder may also elect to grant a power of attorney to an independent proxy appointed by the Company and elected in advance by the General Meeting of Shareholders or to any other representative holding a written power of attorney.

There are no voting restrictions, subject to the exclusion of nominee shareholders representing undisclosed principals, as detailed in Section 2.6.

6.1.1. 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 on all matters on the agenda of the General Meeting of Shareholders to the independent proxy, who is elected by 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 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.

6.4. Inclusion of items on the agenda

The agenda of the Annual General Meeting is issued by the Board of Directors. Shareholders representing at least 0.5% of the Company's share capital may request

the inclusion of an item on the agenda of the Annual General Meeting, provided that such a request reaches the Company at least 40 days prior to the meeting.

6.5. Registration in the share register

The Company maintains a share register for registered shares. The share register is closed approximately one week prior to the date of the Annual General Meeting of shareholders (the exact date is communicated in the invitation to the Annual General Meeting).

7. Change of control and defense measures

No restriction on changes of 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 members of the Board of Directors or Executive Committee, or other employees of the Group in the event of a change of control, subject to the standard rules regarding termination of employment. However, long-term incentive plans issued by the Company may include rules allowing acceleration of vesting of benefits in the event of a change of control.

8. Auditors

8.1. Duration of the mandate and term of office of the lead auditor

PwC was elected as auditors of the Company and the SGS Group. The auditors of the Company are subject to re-election at the Annual General Meeting every year. PwC took up office in 2021 in relation to the 2021 financial statements and has audited the Company's and Group's 2024 financial statements.

The Company requires the lead auditor to be changed at the latest after completion of seven annual audit cycles, in line with Swiss law.

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.

8.2. Audit fees

Total fees of PwC related to the audit of the Company and the Group 2024 financial statements amounted to CHF 5.7 million (2023: CHF 6.3 million).

8.3. Additional fees

In addition, PwC other professional services fees amounted to CHF 1.0 million in 2024. These are mainly composed of tax compliance services 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.

The Audit Chair meets with the auditor at least four times per year, including in private sessions without the presence of management.

In 2024, the Audit Chair met five 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 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, the auditors' 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 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. The Audit Committee has issued a policy on non-audit services which defines restrictively the type of admissible services, excluding from the admissible scope most tax advisory services and services related to prospective acquisitions and disposal.

The policy also sets an approval process requiring prior approval of the Audit Committee for any assignment for non-audit services above defined thresholds.

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 auditors regularly present their findings, both during the deliberations of the Audit Committee and in written reports for the attention of the Board of Directors that summarize key findings.

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. SGS meets regularly with institutional investors, holds results presentations, roadshows and presentations at broker-sponsored country or industry conferences, and attends one-on-one meetings.

The Group publishes consolidated full year audited results, half year unaudited results and quarterly unaudited sales updates 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. 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's main registered office and contact details by phone and email can be found on page 200 of this report.

10. Non-trading periods

Members of the Board of Directors, Executive Committee and other employees having access to material non-public information are banned from trading in SGS shares during non-trading periods, preceding publication of yearly, half yearly and quarterly results.

These periods are set between 31 December until and including the date of publication of the full year results and respectively, between 31 March, 30 June and 30 September until and including the date of the publication of the half year results and quarterly sales updates.

In addition to these regular non-trading periods, the Company may impose additional trading bans from time to time, prior to the release of material non-public information, such as major acquisitions or disposals, or trading updates.

11. Risk management

11.1. Risk governance

The Board of Directors, through the Audit Committee and the Sustainability Committee, provides oversight of the SGS Risk Management and Internal Control processes. The Audit Committee's mandate includes supervising Compliance and Risk Management activities, as well as reviewing management and internal audit reports on the effectiveness of the Internal Control process and the performance of the Enterprise Risk Management (ERM) framework.

The organizational structure, supporting the effective implementation of the Risk Management and Internal Control processes, is built on the 'three lines of defense' model:

- In the first line, local operational management holds ownership, responsibility, and accountability for identifying, assessing, managing, and mitigating risks. It is also responsible for ensuring effective deployment of the Minimum Control Standards established by the Group. To facilitate and coordinate the ERM process, a 'Risk Champion' is appointed in each country where the Group operates
- The second line consists of Group Corporate functions, such as Legal, Compliance, Risk Management and Internal Control, Corporate Security, IT, Sustainability and Health and Safety. These functions, along with the designated 'Global Risk Owners' for each risk category, oversee and support the implementation of the effective ERM process and robust internal controls by operational management, ensuring the first line operates as intended. Additionally, they contribute to the development of policies and controls to enhance the overall risk management framework
- The third line is Internal Audit, an independent function that provides the Audit Committee and the Executive Committee with assurance regarding the effectiveness of the first and second lines of defense, as well as the ERM process and the adherence to Minimum Control Standards

The Group Risk Committee (GRCo), which reports to the Executive Committee and Audit Committee, convenes at least three times a year. Its primary responsibilities include supervising the ERM and Internal Control processes, and monitoring the activities of the assurance functions (as outlined under the second line of defense). The GRCo is composed of the Chief Financial Officer (CFO, Chair), Group General Counsel (GGC), Chief People Officer (CPO), Chief Information Officer (CIO), a Head of a Region, and a Head of a Business Line – all members of the Group Executive Committee – along with representatives from Risk Management and Internal Control, Group Compliance, Sustainability, and the Head of Internal Audit.

The Executive Committee holds ultimate responsibility for identifying company risks and embedding risk considerations into all strategic decisions and key business planning processes.

11.2. Risk management framework

A robust and comprehensive ERM and Internal Control process is implemented throughout the company, supported by effective governance and tools.

Our risk assessment process is tailored to accommodate the size and profile of all affiliates, ensuring the framework’s global applicability and the active involvement of key and relevant markets and businesses.

During the year, SGS has continued to identify and address the main prevailing risks facing our organization. A number of risks have been redefined, to emphasize where the focal points are and the resources needed to address these risks.

The 2024 process was coupled with the implementation of a new dedicated Governance, Risk and Compliance (GRC) tool to enhance the overall risk management process, including risk assessment, mitigation action monitoring and annual certification.

Dedicated recurring training sessions on risk management framework, risk management process and governance, as well as risk scoping and risk assessment methodology were conducted for key risk stakeholders in 2024 across SGS globally.

In addition, SGS is making significant progress in integrating the Double Materiality Assessment (DMA) approach in its ERM process. The DMA, which is regulated by the European Corporate Sustainability Reporting Directive (CSRD), involves identifying and assessing the company’s Impacts, Risks, and Opportunities (IROs):

- Impacts that SGS may cause on society and the environment (inside-out)
- Risks that SGS may face with a negative financial effect (outside-in)
- Opportunities that SGS may capture with a positive financial effect (outside-in)

All material risks identified and reported below in the ‘Risk assessment results’ are included in the double-materiality analysis disclosed in the ‘Non-financial statements’ part, except for those of a purely financial nature.

11.3. Risk oversight

To support our risk management framework, the Group conducts risk assessments, using a bottom-up approach (first line of defense), with identification of potential risks, coupled with design and implementation of mitigation actions and action plans at a local level, where appropriate.

Additionally, at Group level, SGS applies a top-down approach (second line of defense) to evaluate and conclude on the country level results as well as to identify and assess risks from the global perspective. The ultimate risk assessment results are reviewed and endorsed by the Group Risk Committee and Executive Committee.

Risks are identified and assessed based on their likelihood and potential impact, considering both financial and non-financial perspective. In defining and assessing risks, our organization takes into account risk appetite and tolerance levels. Risk appetite refers to the level of risk that we are willing to accept or take on in pursuit of our objectives and goals. Risk tolerance, however, is a more specific and quantitative measure that represents the actual ability of our organization to withstand losses or variations in the value of its investments or decisions.

In 2024, an external audit firm, in collaboration with Internal Audit, conducted an independent assessment of the Group’s ERM framework and provided recommendations for further enhancement.

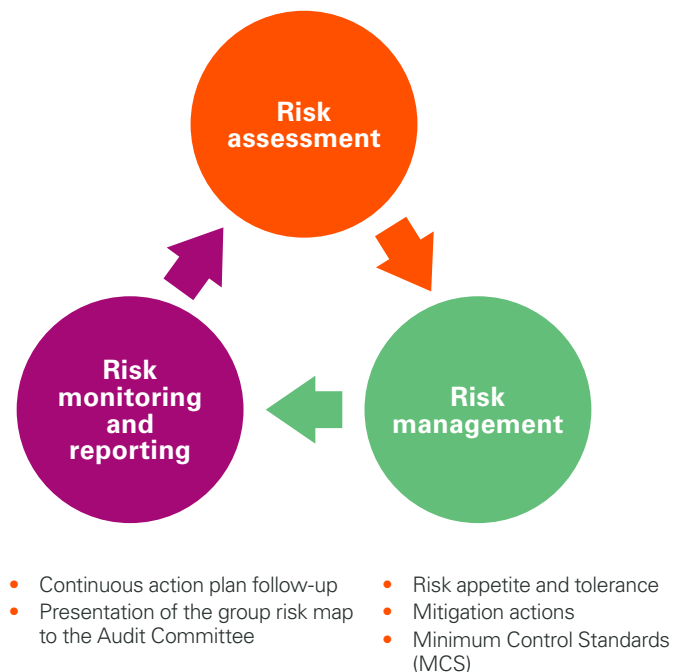
Through an integrated approach that notably incorporates Enterprise Risk Management, Double Materiality Assessment, Minimum Control Standards, and Group Delegated Authorities, SGS ensures an optimal and effective risk oversight.

Risk governance and oversight



Risk management cycle

- Risk profiling and scoping
- Bottom-up and top-down assessment
- Financial and non-financial risks
- Double Materiality Assessment (DMA)



11.4. Risk assessment results

Risk category	Risk title	Material topic*	Summary of potential consequences	Mitigation measures taken by the Group
External				
Economy & sovereign	Loss of revenue due to decrease in service demand/economy	<ul style="list-style-type: none"> Customer satisfaction 	<ul style="list-style-type: none"> Target organic growth not fully achieved 	<ul style="list-style-type: none"> The new IMPACT NOW for sustainability offering was launched to capitalize on the expanding sustainability megatrend Continued development of our Digital Trust services, targeting growing sectors and industries Ongoing strengthening of presence in North America and Europe through both organic growth and acquisitions
	Business impact due to commodities and financial market fluctuations	N/A	<ul style="list-style-type: none"> Target organic growth and profitability not fully achieved 	<ul style="list-style-type: none"> Balanced resource allocation established to ensure optimal business and geographical diversification
	Lack of capital availability to grow the business	<ul style="list-style-type: none"> Corporate culture 	<ul style="list-style-type: none"> Target organic growth not fully achieved Stagnation or decline in market share in certain strategic business units 	<ul style="list-style-type: none"> Stricter financial discipline enforced on CAPEX, working capital, and M&A management New Free Cash Flow KPI introduced as part of the management incentive plan Successful implementation of a scrip dividend, with the dividend policy to be aligned with earnings levels moving forward
	Price pressure	<ul style="list-style-type: none"> Corporate culture 	<ul style="list-style-type: none"> Target profitability increase not fully achieved 	<ul style="list-style-type: none"> The new lean operating model has been implemented to align with SGS's capacity and cost structure with market demand Procurement savings initiatives have been accelerated to offset rising costs and enhance profitability
Industry	Crisis or structural industry decline impacting revenue growth and profitability	N/A	<ul style="list-style-type: none"> Target organic growth and profitability not fully achieved Weakening of SGS leadership 	<ul style="list-style-type: none"> A clear end-market focus has been defined to drive growth in expanding strategic business units, such as Certification, ESG, Connectivity and Environment
Customer needs	Loss of revenue due to insufficient adoption to changes in customer demand	<ul style="list-style-type: none"> Sustainability services Customer satisfaction 	<ul style="list-style-type: none"> Loss of customers resulting from an inability to meet demand due to insufficient capacity or inadequate sales forecast planning Market share stagnation or decrease in some strategic business units 	<ul style="list-style-type: none"> Management structure realigned to focus on local customers for locally managed operations and global key account management for globally driven businesses, enhancing customer proximity and improving sales forecast accuracy and proactivity Preserve or develop a global footprint for strategic activities, enabling laboratory backup and cross-country collaboration Expansion of Global Business Services to enhance operational excellence and reduce Turnaround Time (TAT) KPIs

* Risks of purely financial nature not considered in the double materiality analysis are marked as 'N/A'.

Risk category	Risk title	Material topic*	Summary of potential consequences	Mitigation measures taken by the Group
Hostile civil or political environment risks	Business disruption, harm to personnel or property from any form of civil strife	<ul style="list-style-type: none"> Health and safety 	<ul style="list-style-type: none"> Increase in crime, particularly criminal damage and looting The personal security of employees at risk, and disruption to transport infrastructure adversely affecting business operations In extreme cases, SGS facilities may be forced to cease operations or even close 	<ul style="list-style-type: none"> Increased country Managing Director awareness of this risk, especially via the efforts of business continuity initiatives, in order to improve preparedness and responsiveness Work from home initiatives improving resilience for those activities that do not demand presence on site Better physical and procedural security controls to protect premises
Technological innovation	Loss of technological innovation opportunities	<ul style="list-style-type: none"> Cybersecurity and data privacy 	<ul style="list-style-type: none"> Difficulty in fully leveraging emerging technologies impacts operational efficiency, service quality and the ability to address talent shortages Limited adoption of innovative solutions restrict opportunities to unlock new revenue streams, particularly in data-driven and digital trust services 	<ul style="list-style-type: none"> Build on established partnerships with research institutes, tech leaders and startups to drive innovation and align solutions with evolving customer needs and market demands Maintain a strong focus on digitalization, emphasizing customer-centric solutions and advanced technologies like AI to enhance service delivery and competitiveness Continue fostering a culture of awareness and adaptability through agile teams, continuous project validation and proactive exploration of disruptive technology trends such as Generative AI and Agentic AI
Cyberattack	Cyberattacks	<ul style="list-style-type: none"> Cybersecurity and data privacy 	<ul style="list-style-type: none"> Compromise on critical data, disruption of operations, and erosion of customer trust and SGS reputation 	<ul style="list-style-type: none"> Continue to strengthen cybersecurity defenses, including firewalls, identity & access management, and intrusion detection systems. Maintain the current 24/7 monitoring levels of the Security Operations Center and Digital Forensic & Incident Response services
Business Ethics				
Bribery and corruption	Bribery and corruption	<ul style="list-style-type: none"> Health and safety Incidents of corruption 	<ul style="list-style-type: none"> Fines, loss of business, and reputational damage 	<ul style="list-style-type: none"> Robust compliance framework, featuring comprehensive policies and processes on Third-Party Due Diligence, Anti-Corruption and Conflicts of Interest Prevention: fostering a culture of integrity based on our Code of Integrity, reinforced through systematic and recurring training for all employees Detection: Compliance Committee dedicated to ensuring ethical conduct and strict adherence to the Code of Integrity across all company operations and activities
Information Technology				
Access	Ineffective access controls resulting in security breach and business disruption	<ul style="list-style-type: none"> Cybersecurity and data privacy 	<ul style="list-style-type: none"> Unauthorized access to sensitive information and disturbance of operational activities 	<ul style="list-style-type: none"> Robust access management solutions to prevent lateral movements and privilege escalation Regular audits of access permissions and enforcement of least-privilege principles

* Risks of purely financial nature not considered in the double materiality analysis are marked as 'N/A'.

Risk category	Risk title	Material topic*	Summary of potential consequences	Mitigation measures taken by the Group
Human Capital				
Talent management	Lack of succession planning of key personnel	<ul style="list-style-type: none"> Training and skills development 	<ul style="list-style-type: none"> Negative effect on business continuity and operational excellence Key positions potentially remaining vacant for extended periods, causing unprepared successors, inefficiencies and potential loss of competitive advantage 	<ul style="list-style-type: none"> Succession planning program and talent review process ensure a strong pipeline for critical roles by integrating these practices into daily leadership activities, fostering proactive talent management and organizational resilience. These efforts are supported by mySGS to streamline and enhance this process effectiveness
	Inefficient performance management	<ul style="list-style-type: none"> Training and skills development 	<ul style="list-style-type: none"> Misaligned employee behaviors and eroded engagement due to unclear or unrealistic goals Employee disengagement, resulting in lower productivity and unfulfilled KPIs, which can negatively impact organizational performance 	<ul style="list-style-type: none"> Driving high performance through proactive goal-setting, regular feedback, and alignment of individual and organizational goals. Accountability and process efficiency supported by implemented technologies
	Lack of qualified and competent employees	<ul style="list-style-type: none"> Customer satisfaction Training and skills development 	<ul style="list-style-type: none"> Reduced customer satisfaction and reputational damage due to an insufficient pool of qualified employees Missed business opportunities, decreased productivity and weakened organizational competitiveness resulting from a lack of qualified talent 	<ul style="list-style-type: none"> SGS Campus is an established SGS online learning platform, and is integrated with mySGS to lay the foundation for progress tracking and targeted development outcomes Strengthened leadership through access to courses from leading business schools, coupled with the planned launch of a new Leadership Program in 2025 aligned with Strategy 27 The 'Career Conversation' framework facilitating the alignment of employee aspirations with organizational goals through actionable plans, supported by tools for follow-up and tracking
Management information				
Tax	Non-compliant, incorrect or late tax return filings/transfer pricing local file preparation and documentation, and tax payment	N/A	<ul style="list-style-type: none"> Tax adjustments, penalties and interest in tax assessments Increased tax audit activities and scrutiny from tax authorities Increased efforts in terms of internal and external resources to mitigate exposure 	<ul style="list-style-type: none"> Standard tax procedures to risk identification, evaluation and mitigation Tax risk management guidelines and implementation of controls in the local tax processes Central preparation of local transfer pricing documentation with local adaption Skilled in-house resources and where required review or outsourcing to reputable tax advisors

* Risks of purely financial nature not considered in the double materiality analysis are marked as 'N/A'.

11.5. Emerging risks

As part of our assessment process, we also identify emerging risks that are likely to affect our business in the long term:

Loss of technological innovation opportunities

Impact of the risk on SGS

The convergence of emerging technologies such as Generative AI, IoT, quantum computing, digital twins and advanced connectivity poses long-term risks to SGS's traditional Testing, Inspection, and Certification (TIC) model. Startups and established providers are accelerating disruption through innovations which may lead to the following impacts on SGS:

- The expanding adoption of digital twin technology across industries in which SGS has a strong presence may reduce reliance on SGS's need and utilization of physical testing facilities, as virtual environments gain the ability to fully simulate physical properties
- Advances in Generative AI and robotics may lead to the emergence of "lab-in-the-box" solutions, allowing clients to perform highly automated, on-site testing, which could decrease demand for certain testing services currently outsourced to SGS
- The convergence of technologies like IoT, high-speed connectivity and Generative AI may enable remote live monitoring solutions in a sophisticated way, potentially disrupting SGS's traditional inspection and testing services with real-time, digital alternatives. The aforementioned convergence may lead to a wave of a substitution of the services provided by SGS in favor of automated solutions
- Generative AI and Agentic AI solutions may facilitate real-time compliance automation on client premises, automating the entire workflow from gathering evidences, analyzing them and producing reports, which could reduce the reliance on SGS's auditing and certification services

- The growing need for trust in digital technologies and the emerging regulations in that space may require innovative digital trust solutions beyond the traditional TIC model. If not addressed, this shift may hinder SGS's ability to maintain its strong position in the digital domain

Mitigating actions

- Building on established alliances with research institutes, tech leaders, and startups to drive innovation (especially in areas where standardization is still in early development) and align solutions with evolving customer needs and market demands
- Emphasizing customer-centric solutions through advanced technologies like AI and digital twins to enhance service delivery and maintain competitiveness
- Fostering a culture of continuous learning and adaptability by empowering agile teams, conducting proactive validation of emerging technologies such as Generative AI and Agentic AI, and staying ahead of disruptive trends
- Developing hybrid (physical and virtual) testing models, advancing real-time monitoring platforms and integrating IoT capabilities to provide cutting-edge digital assurance

Adoption of stricter regulations with regard to cybersecurity, data protection, and AI governance

Impact of the risk on SGS

The regulatory landscape is becoming increasingly stringent, with NIS2 and the EU AI Act regulations setting higher standards for cybersecurity, data protection and AI governance. These regulations are still evolving and enforcement will likely intensify over the next 5-10 years, making this a sustained emerging risk. The introduction of stricter regulatory frameworks may require significant changes in the Company's operations and require additional efforts to ensure the efficient adoption, in particular impacting:

- Internal processes related to cybersecurity, data protection, and the development and deployment of AI systems, potentially leading to increased costs and resource allocation
- Incident response capabilities across affiliates and cross-border reporting mechanisms, requiring additional investments
- AI-driven initiatives and their implementation, taking into account compliance complexities, directly impacting SGS's ability to innovate and compete in the market

Mitigating actions

- Establishing a compliance task force to monitor and address emerging regulatory requirements
- Conducting periodic gap analyses to be up to date and aligned with prevailing and new regulations
- Strengthening training programs on compliance for all stakeholders
- Engaging with legal experts and industry bodies to keep abreast of regulatory changes

12. Internal control

SGS's internal control framework is based on Minimum Control Standards clarifying and reinforcing the responsibilities of the operating companies and businesses across all countries. These standards are equally applicable at Group level. Clear guidance and consequence management are in place for situations where these standards are not fully met. The Minimum Control Standards are managed and independently reviewed by our Risk Management and Internal Control department, in collaboration with 'Internal Control Champions' and Control Owners across our global operations. The SGS Internal Control System is designed to provide the Board of Directors and management with reasonable assurance regarding the reliability of financial reporting, compliance with laws and internal regulations, and the effectiveness and efficiency of key company processes and controls. Every SGS employee plays a vital role in supporting the Internal Control System to ensure the successful implementation and ongoing effectiveness of internal controls.

12.1. Internal control environment

SGS is committed to establishing an effective Internal Control System at all levels of responsibility and fostering a culture of strong internal controls, supported by the active engagement of the Board of Directors and management. Ongoing training is provided throughout the Company. The Minimum Control Standards serve as the baseline for mandatory compliance across the Group and are the primary reference for the SGS corporate governance framework. The following key documents are integral to the Minimum Control Standards and support the internal control environment:

- The Group Delegated Authorities, which define approval authorities and thresholds within the Group
- The Code of Integrity, which offers guidance and examples to assist employees in navigating challenging situations

12.2. Minimum control standards

The Minimum Control Standards encompass the following core business processes, extending beyond controls related to financial reporting:

- **Corporate Governance and Compliance:** Compliance with the Code of Integrity and reporting, Third party due diligence, Insider trading and management transaction, Sanctions compliance, Group insurance, Security risk management, Litigation disputes, Personal data protection, Delegation of authorities
- **Accounting and Financial Reporting:** Estimates, provisions and manual journal entries, Month-end closing and management review, Accounts and systems reconciliation, Statutory financial statements, Review of intercompany agreements and balances
- **Fixed, Leased and Intangible Assets:** Reconciliation of asset movements and depreciation rates, Assets additions/disposals and Construction in progress, Physical verification of fixed assets, Lease contracts
- **Inventory:** Inventory valuation and count
- **Order-to-Cash:** Customer master data management, Collections and refunds, Provision for bad debts, Unbilled revenue and work-in-progress, Pricing, Jobs and sales orders, Revenue recognition, Customer creditworthiness
- **Pension:** Pension management, Valuation of pension assets and liabilities
- **Procure-to-Pay:** Vendor master data management, Procurement agreements, Purchase orders approval and invoices processing, Payment processing, Travel and expense claims
- **Segregation of Duties:** Segregation of duties identification and monitoring
- **Tax:** Tax risk assessment and reporting, Tax filings, compliance and payments, Transfer pricing, Non-income taxes, Other direct taxes – Withholding tax, Tax audits
- **Treasury:** Bank accounts and cash reconciliation, Bank authorizations and signatories, Forex management

- **Information Technology:** User access management, Identity management, Network security, Training and awareness, Incident management, Vulnerability management, Data backup, storage and restoration process
- **Human Resources:** Employee onboarding and employment management, HR master data management, Payroll management, Employee off-boarding
- **Sustainability:** Sustainability reporting, Human rights compliance
- **Health and Safety:** Health & safety, Business continuity

Internal control monitoring throughout the Group

The Group is dedicated to upholding high standards of internal control and regularly tests and documents adherence to its Minimum Control Standards. These activities are implemented at both the country and group level and include:

- A comprehensive outline of mandatory controls as defined in the Group's Minimum Control Standards
- Control tests to assess their operational effectiveness, with clear guidance and testing methodology provided by Risk Management and Internal Control department to each entity
- An annual internal certification process to review ongoing action plans and confirm management's responsibility, at both country, regional and group level, for the quality of internal controls and financial reporting

The implementation of action plans identified through the activities outlined above, as well as through internal and external audits, is closely monitored by the relevant Senior Management. The results of these procedures are presented to the Audit Committee. Internal control is consistently monitored at all levels across the Group.