

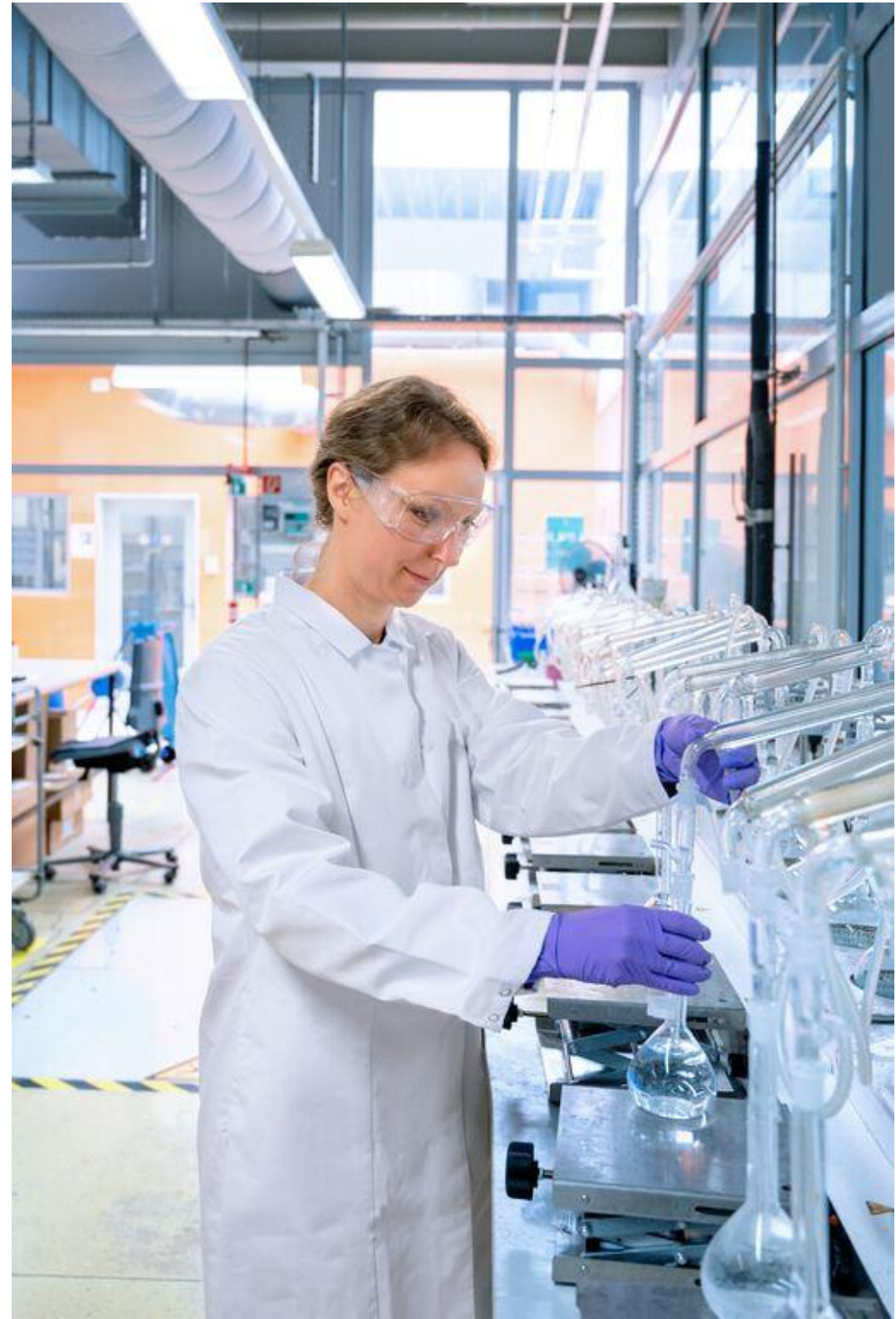
Basis of reporting

FORTHE SGS GROUP



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1. PURPOSE OF THIS DOCUMENT

SGS is committed to providing stakeholders with accurate and timely updates on our sustainability activities and performance, and we strive to produce reports that are fair, principles and methodologies that guide data collection, analysis and reporting at SGS. Indicators are published in the SGS Integrated Annual Report. These data are also used for supplementary reporting e.g. Dow Jones Sustainability Indices (DJSI) or CDP.

2. REPORTING PRINCIPLES AND EXTERNAL STANDARDS

SGS has published a Sustainability Report since 2008 and, since 2015, sustainability content has been included in our Integrated Annual Report as we move towards a fully integrated reporting structure. To move forward on this journey, SGS published for the first time in 2023 a single integrated report, combining financial and non-financial information.

The SGS Integrated Annual Report is developed using the guidelines for the AA1000 Accountability Principles Standard, the Global Reporting Initiative (GRI) and SASB. The Swiss Code of Obligations requirements are partially covered by the GRI indicators, for which the methodology is defined in this document.

Our sustainability performance indicators are prepared and reported following the GRI and SASB standards. Where GRI or SASB standards do not provide a methodology for a sustainability performance indicator, or their methodology is not appropriate, the applied methodology is provided in sections 7 to 9 of this report.

For carbon emissions-related indicators, we follow the Greenhouse Gas Protocol (GHG Protocol) Corporate Standard (financial control approach).

The London Benchmarking Group is used as a guide to define indicators related to community donations.

We continue our journey towards aligning to upcoming regulatory requirements.

3. SCOPE

3.1 REPORTING BOUNDARIES

SGS SA and its subsidiaries (the "Group") operate around the world under the name SGS. The Head office of the group is located in Zug, Switzerland.

The scope of the sustainability information contained in SGS Integrated Annual Report covers all regions and divisions of the Group for the current calendar year. A full list of SGS's affiliates can be found on the corresponding SGS Integrated Annual report. Unless stated otherwise, our annual reported data scope covers the Group business and targets for the period January 1 to December 31.

SGS reports Key Performance Indicators (KPIs) from all its facilities, subsidiaries, and other business units, as determined by its reporting boundaries.

Under the control approach, SGS endeavors to account for 100 percent of the KPIs from operations over which it has control. It does not account for KPIs from operations in which it owns an interest but not a control. Control is defined in financial terms. For joint ventures, SGS will use an equity accounting basis.

Where we do not have accurate information for a given KPI we will exclude it from accounting and reporting. We will indicate this exclusion in the report. As an example, we currently do not account for district heating and refrigerants in our total greenhouse gases emissions.

3.2 MATERIAL TOPICS

We have identified and prioritized our most material impacts, risks and opportunities for the business and for stakeholders across our value chain, and our Annual Reporting suite includes performance data for our direct operations and information on how we manage the most material issues. For more information on how we define our material issues, please check our website.

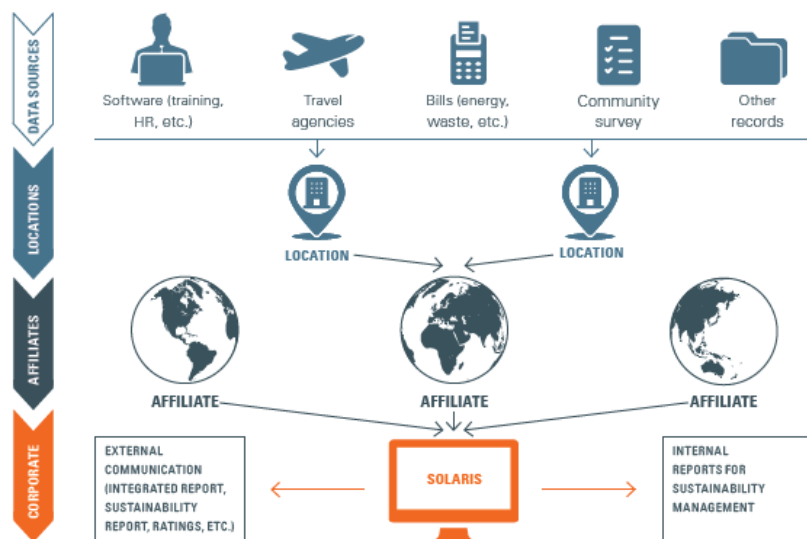
4. SUSTAINABILITY MANAGEMENT SYSTEM

The three pillars of our Sustainability Ambitions 2030 (Better Governance, Better Society and Better Planet) are the foundation of SGS's Sustainability Strategy. Each one is supported by Group-wide policies, global programs and local initiatives. As such, these three pillars are also central to our Sustainability Management System.

The SGS Sustainability Management System provides a mechanism through which we can monitor the delivery of the Group's Sustainability Strategy and our progress against our Sustainability Ambitions 2030. It also allows us to set and analyze sustainability KPIs that act as our set of controls and provides us with the insights we need to ensure we stay on track in terms of initiatives, activities and results.

5. DATA COLLECTION PROCESS

Robust data gathering is important to set targets and monitor performance. More than 60% of our data is collected locally through centralized software (SOLARIS), then reviewed and consolidated at corporate level. The remaining data are gathered directly from global functions like the Global Legal & Compliance, Global Procurement and Global Corporate Communications departments.



5.1 REPORTING SCHEDULE

All sustainability data collected through SOLARIS is gathered on a half-year basis. Remaining data is collected once at the end of the year.

5.2 RESTATEMENT OF HISTORICAL DATA

5.2.1 MATERIALITY CONSIDERATIONS

We have set a materiality threshold of 5% at Group level that will trigger recalculations of historical data induced by any of the situations detailed in this section.

5.2.2 CHANGES IN METHODOLOGY OR IMPROVED DATA ACCURACY

Historical data may differ from previous reporting reports due to the availability of more accurate data or improved data reporting or changes in the methodology restatements of historical data, including baseline year adjustments, may be required to obtain meaningful comparisons and evaluate target achievements. All these variations will be evaluated on an individual basis. As a reference, when these changes introduce variations larger than 5%, data will be restated for all previous years including the baseline.

5.2.3 ACQUISITIONS AND DIVESTMENTS

Acquired entities must be incorporated into the sustainability reporting scope within 12 months of acquisition. Divested entities are excluded from further reporting of performance data since the date the development by the investment took place.

Historical performance data will be evaluated for the acquired or divested entity and metrics materially impacted will be restated. Each year all cumulative variations in a third term metric due to an acquisition and divestment will be assessed. If a significant net change is identified the metric might be restated for all relevant previous periods including the baseline. No restatement will be applied to variations due to organic growth or decline.

5.3 UNAVAILABLE DOCUMENTATION

In the case where information is unavailable, figures should be estimated or extrapolated and accrued in the reporting period. For such estimations or extrapolations affiliates must ensure that all assumptions and calculations are clearly documented. Specific guidelines about how to perform these calculations are provided in our Group Sustainability Manual.

Figures will be excluded from the reporting in the following exceptions:

- When information is not available at global level or not accurate enough (e.g. refrigerant leakage not provided in facility reports)
- When no reliable methodology is available (e.g. emission factors for district heating)

6. ASSURANCE

6.1 AFFILIATES INTERNAL AUDIT

Each year about 10% of our affiliates are selected to be audited on all data reported and procedures in place to collect and consolidate the data each audit is carried out by a qualified Sustainability Report Assurance (SRA) auditor.

6.2 EXTERNAL ASSURANCE

External assurance of sustainability performance indicators is an important part of our approach, and our sustainability reporting has been independently assured since 2011. In 2021, we appointed PricewaterhouseCoopers SA to provide independent limited assurance over selected sustainability indicators.

7. ENVIRONMENTAL INDICATORS

| INDICATOR | STANDARD | METHODOLOGY |
|---|-----------------------------|---|
| Electricity consumption | GRI 302 – 1 | |
| Renewable electricity purchased | GRI 302 – 1 | Green electricity purchased by affiliates from electricity suppliers Green electricity purchased at corporate level. SGS globally purchases renewal electricity certificates in regions where such tracking instruments are implemented (guarantees of origin renewable energy certificates international renewal and energy certificate renewal energy guarantees of origins) |
| Renewable electricity produced onsite | GRI 302 – 1 | |
| Vehicle fuel energy | GRI 302 – 1 | |
| Non-transport fuel energy | GRI 302 – 1 | |
| Energy intensity | GRI 302 – 3 | |
| Reduction of energy consumption | GRI 302 – 4 | |
| Total GHG emissions (location-based) (tonnes) | GRI 305 – 1, 2, 3 | GHG Protocol. Excludes refrigerant gases emissions due to unavailability of data and district heating emissions due to the unavailability of metered data in China from the heat providers. Electricity emissions are calculated with a location based method which reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid average emission factor data) |
| Total GHG emissions (market-based) (tonnes) | GRI 305 – 1, 2, 3 | GHG Protocol. Excludes refrigerant gases emissions due to unavailability of data and district heating emissions due to the unavailability of metered data in China from the heat providers. Electricity emissions are calculated with a market based method which reflects emissions from electricity that companies have purposely chosen. It derives emission factors from contractual instruments which include any type of contract between two parties for the sale and purchase of MG bundled with attributes about the energy generation or unbundled attribute claims. |
| Reduction of GHG emissions | GRI 305 – 5 | |
| Emissions intensity per sales and per FTE | GRI 305 – 4 GHG Protocol | |
| Scope 3. Total emissions | GRI 305 – 3 | GHG Protocol. In 2025, we implemented a methodological enhancement aimed at improving the accuracy of our total GHG emissions calculations and strengthening alignment with our decarbonization strategy. This update incorporated more granular emission factors—differentiated by industry, country, and publicly available datasets—to refine the precision of Scope 3 reporting. As a result, the methodological adjustment led to a 15% reduction in Scope 3 emissions, driven primarily by changes in Category 2. Specifically, leased vehicles and buildings, as well as expenses related to electricity, gas, and fuels, were excluded from this category to prevent double counting with Category 3. |
| Scope 3.1 and 3.2 Purchased goods and services. Capital goods. | GRI 305 – 3 | GHG Protocol. Hybrid methodology based on spend, using supplier-specific information when available and average industry emission factors otherwise. |
| Scope 3.3 Fuel and energy related activities | GRI 305 – 3 | GHG Protocol. Average-data method, using average emission factors for upstream emissions per unit of consumption (kWh of electricity and kg of fuels). |
| Scope 3.5 Waste generated in operations | GRI 305 – 3 | GHG Protocol. Waste-type-specific method, using total waste generated and emission factors for specific waste types (organic, plastics, paper, concrete and mixed electronics) and waste treatment methods (landfill, compost and recycling). |

| INDICATOR | STANDARD | METHODOLOGY |
|-------------------------------|-------------|--|
| Scope 3.6 Business travel | GRI 305 – 3 | GHG Protocol. Number of tickets purchased, and estimation of average distance traveled per train fare and air fare (intercontinental or domestic). Emissions factors then applied. Air tickets for contractors working on behalf of SGS not paid directly by SGS are excluded. |
| Scope 3.7 Employee commuting | GRI 305 – 3 | GHG Protocol. Average commuting distance and the distribution of transport modes correlated to our FTEs and working days per country. |
| Significant spills | GRI 306 – 3 | |
| Non-hazardous waste generated | GRI 306 – 3 | |
| Hazardous waste generated | GRI 306 – 3 | |
| Waste recovered | GRI 306 – 4 | |
| Water purchased | GRI 306 – 5 | |

Our reporting has used the following sources for emission factors:

- Scope 1 – Transport and non-transport fuels 2006 IPCC Guidelines for National Greenhouse Gas Inventories; IPCC Fifth Assessment Report.
- Scope 2 – Electricity IEA emission factors 2024; including CH4 and N2O (most current version is always used).
- Scope 3.6 – Business travel World Resources Institute (2008). GHG Protocol tool for mobile combustion. Version 2.0.

Our reporting has used the following sources for conversion factors of fuel data to energy:

- 2006 IPCC Guidelines for National Greenhouse Gas Inventories; CDP Technical Note: Conversion of fuel data to MWh

8. SOCIAL INDICATORS

| INDICATOR | STANDARD | METHODOLOGY |
|---------------------------------|----------------------------|---|
| Engagement Index | GRI 2 – 29 SV-PS-330a.3 | Engagement is a measure of how committed to and enthusiastic employees are about their work and the organization. The index is the average engagement score given by survey respondents in response to 3 engagement questions: <ul style="list-style-type: none"> • How likely is it that you would recommend SGS as a place to work? • How likely is it that you would stay with SGS if you were offered the same job at another organization? • Overall, how satisfied are you working at SGS? It's calculated by averaging each employee's engagement score based on their answer to all the engagement questions and ranges between 0 to 10. |
| Number of FTEs at year end | GRI 2 – 7 | Full-time equivalent employment is the number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs. |
| Number of employees at year end | GRI 2 – 7 | |
| Permanent employees | GRI 2 – 7 SV-PS-000.A | Employees who are guaranteed a minimum number of hours of work and are employed on an ongoing or indefinite basis |

| INDICATOR | STANDARD | METHODOLOGY |
|---|-----------------------------|---|
| Fixed-term employees | GRI 2 – 7 SV-PS-000.A | Employees who are guaranteed a minimum number of hours of work and are employed on a time-limited basis for a period of three months or more. |
| Short-term employees | GRI 2 – 7 SV-PS-000.A | Employees who are guaranteed a minimum number of hours of work and are employed on a time-limited basis with an expected duration of less than three months. |
| Casual employees | GRI 2 – 7 SV-PS-000.A | Have no guarantee of employment for a certain number of hours during a specified period but may have arrangements of an ongoing or recurring nature. |
| Paid apprentices, trainees and interns | GRI 2 – 7 SV-PS-000.A | Employees who perform any activity to produce goods or provide services for others, in order to acquire workplace experience or skills in a trade or profession and receive payment in return for work performed. |
| Employees by gender | GRI 405 – 1 SV-PS-330a.1 | |
| New hires | GRI 401 – 1 | Includes new hires of permanent employees. |
| Voluntary turnover | GRI 401 – 1 SV-PS-330a.2 | |
| Training hours | GRI 403 – 2 GRI 404 – 4 | Types of training defined: leadership development, technical, H&S, integrity, other. When specified, training hours also include training delivered to clients through the SGS Academy and training delivered to communities through the SGS Academy for the Community. |
| Performance reviews | GRI 404 – 3 | |
| Women in leadership positions | GRI 405 – 1 SV-PS-330a.1 | |
| Employees with disabilities | N.A. | Based on local regulations. |
| CEO and mean employee compensation ratio | GRI 2 – 21 | |
| Diversity of the Board and ExCo members by gender, nationality and age | GRI 405 – 1 | |
| Percentage of employees covered by collective bargaining agreement | GRI 2 – 30 | |
| Total Recordable Incident Rate | GRI 403 – 9 | Number of lost time, restricted duty, medical treatment incidents and fatalities occurring per 200,000 hours worked by FTE. |
| Lost Time Incident Rate | GRI 403 – 9 | The number of lost time incidents occurring per 200,000 hours worked by FTE. |
| Number of fatalities | GRI 403 – 10 | |
| Sickness Absence Rate | GRI 403 – 9 | The number of days not worked due to illness as a percentage of the total working days. |
| Total Absence Rate | GRI 403 – 9 | Total number of days lost due to absenteeism of any kind, not only as a result of work-related injury or disease as a percentage of total working days. This includes individual sick days due to minor illnesses as well as personal days taken for undisclosed reasons. It does not include scheduled or permitted absenteeism such as holidays, study time, maternity or paternity leave, etc. |
| Workers covered by an H&S management system | GRI 403 – 8 | Workers covered by an occupational health and safety management system (ISO 45001). |

| INDICATOR | STANDARD | METHODOLOGY |
|-------------------------------------|---|--|
| Number of experts | N.A. | Based on SGS's job architecture, the level and grade of roles, this includes all those roles which require a technical background. It does not include roles in general management, administration, support functions or profiles requiring no technical qualifications. |
| Total amount of community donations | London Benchmarking Group Manual GRI 413 – 1 | Amount donated considering cash contribution, volunteering hours and in-kind donations. |
| Number of community hours | London Benchmarking Group Manual GRI 413 – 1 | |
| Number of projects | London Benchmarking Group Manual GRI 413 – 1 | |

9. GOVERNANCE INDICATORS

| INDICATOR | STANDARD | METHODOLOGY |
|---|--|---|
| Employees who have signed the Code of Integrity | GRI 2 – 16 | |
| Total number of substantiated breaches of the code of integrity by type of breach and by type consequence | GRI 2 – 16 GRI 406 – 1 GRI 205 – 2 | Substantiated breach is an investigated and proven violation of one of the Code of Integrity rules. Helpline is the SGS Integrity Helpline, a channel at a group level dedicated to reporting the potential, suspected violations of the Code of Integrity via online, phone, fax, email, post and open to all employees and external parties. Depending on the nature of the violation, the consequences can be various, but the most frequent of them are: 1. Verbal or written Warning 2. Suspension 3. Termination 4. Corrective actions in the process or procedures |
| Total number of integrity issues reported through corporate integrity helplines | GRI 2 – 16 | An integrity issue is a breach of one or more of the SGS Code of Integrity rules. “Helplines” means channels used by employees and external parties to report suspected violations of the Code of Integrity and submitted online, by phone call, sent via fax, email or post. |
| Percentage of employees trained to the Code of Integrity | GRI 205 – 2 GRI 404 – 1 | Percentage of permanent employees who have completed the annual mandatory integrity training. |
| Confirmed incidents of corruption and actions taken | GRI 205 – 3 | |
| Direct economic value generated and distributed | GRI 201 – 1 | |
| Legal actions for anti-competitive behavior, | GRI 206 – 1 | |

| INDICATOR | STANDARD | METHODOLOGY |
|---|---------------------------|---|
| anti-trust, and monopoly practices | | |
| Fines for non-compliance with regulations | GRI 2 – 27 | |
| Incidents of non-compliance concerning product and service information and labeling | GRI 417 – 2 | |
| Incidents of non-compliance concerning marketing communications | GRI 417 – 3 | |
| Monetary contributions to trade associations | GRI 2 – 28 GRI 415 – 1 | Contributions to trade associations or tax-exempt groups |
| Number and proportion of spending in global and local suppliers | GRI 204 – 1 | |
| SGS spend by category | GRI 2 – 6 | The categories used are the following: Banks and financing, Car fleet, Insurances and pensions, Information technology and telecommunications, Laboratory, Logistics, Professional services, Real estate, Subcontracting, Travel, Other. |
| SGS spend by supra-region | GRI 2 – 6 | |
| Substantiated complaints concerning breaches of data customer privacy policy | GRI 418 – 1 | Number of substantiated complaints concerning breaches of data customer policy. Number of complaints from regulatory bodies. Number of complaints received from outside parties and substantiated by the organization. |
| Percentage of customers satisfied with the SGS service | GRI 2 – 29 | Measurement of the level of customer satisfaction of the service SGS provides, collected through the global Voice of Customer program. The calculation method is based on the number of satisfied customers (rating at 4 or 5, out of 5) / number of survey responses x 100. In 2024, we adjusted the methodology to include the weight by operating segment. |

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