

Corporate governance



Biosafety Testing, UK

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 2 December 2025 (in force since 1 January 2026) 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.



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1. Group structure and shareholders

1.1. Group structure

1.1.1. Operational group structure

SGS SA, registered in Baar (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: CH1256740924).

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
 - Human Resources
 - Legal & Compliance
 - Information Technology

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 153 to 154 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 2025 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 other non-operative entities used solely for the detention of assets.

Details of acquisitions and disposals made by the SGS Group during 2025 are provided in note 10 of the consolidated financial statements included on page 109 of this annual report.

1.2. Significant shareholders

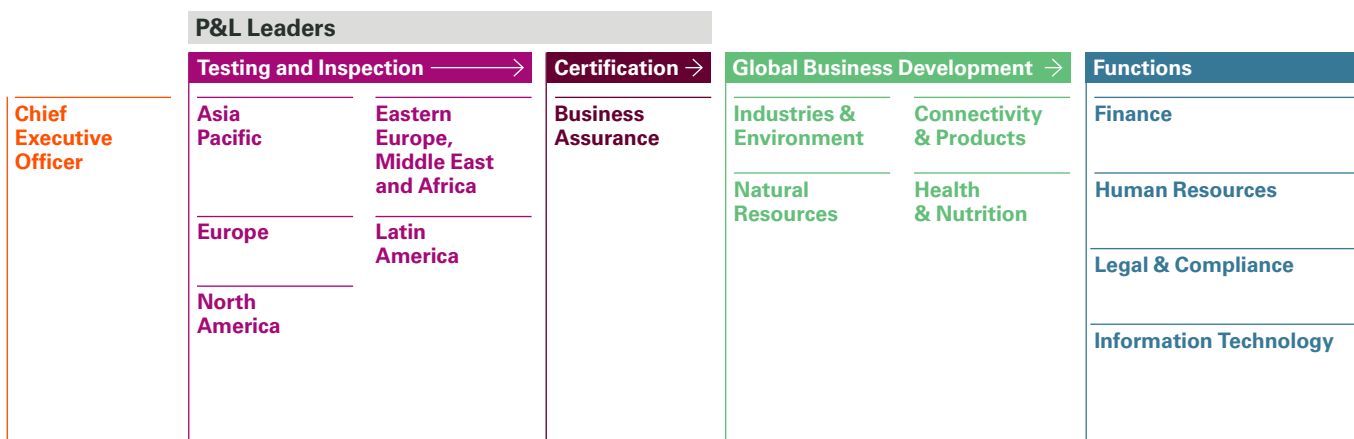
The shareholders owning more than 3% of the Company's share capital as at 31 December 2025, or at the date of their last notification as per Article 120, al. 1 of the Financial Market Infrastructure Act (FinMIA), were Groupe Bruxelles Lambert (acting directly and through Serena SARL, FINPAR IX and FINPAR X), with 14.34% (December 2024: 19.13%) of the share capital and voting rights of the Company, UBS Fund Management (Switzerland) AG, with 6.32% (December 2024: 6.32%), BlackRock Inc., with 5.21% (December 2024: 5.21%) and Swisscanto Fondsleitung AG, with 3.01% (December 2024: below 3%).

During 2025, 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, and published a total of eight reports regarding the composition of its significant shareholders.

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 7 791 091 as of 31 December 2025 and comprises 194 777 282 fully paid-in, registered shares of a par value of CHF 0.04. On 31 December 2025, SGS SA held 1 654 005 treasury shares (2024: 609 870) representing 0.849% of the share capital of the Company (December 2024: 0.32%).

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 194 777 282 shares would increase by approximately 14.1% to 222 277 282 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

In 2025, the share capital of the Company was increased to create dividend shares for distribution of the share dividend to eligible shareholders. In 2025, the shareholders approved an increase of the share capital by creation of 5 274 023 shares (corresponding to 2.7% of the share capital).

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) as well as 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) and no preferential rights have been granted to any shareholder.

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.

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 2025, options have been issued by the Company to the Executive Committee (see details on page 80 of the Remuneration report).

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 regard 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 2025, Géraldine Picaud and Patrick Kron were elected as new members of the Board of Directors. Jens Riedl 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 2025 were as follows:

Board member key industry experience:

	Industrials	Consumer discretionary	Consumer staples	Healthcare	Financials	Digital Tech; Cyber & AI	Communication services
Calvin Grieder	✓		✓			✓	✓
Sami Atiya	✓			✓		✓	
Phyllis Ka Yan Cheung		✓					✓
Ian Gallienne		✓			✓		
Tobias Hartmann		✓				✓	
Patrick Kron	✓				✓		
Géraldine Picaud	✓	✓			✓		
Kory Sorenson					✓		
Janet 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
- Food processing
- Risk management
- System engineering and services
- Telecom and digital services

Professional history

- 2001-2016: Bühler, CEO
- 1999-2000: Swisscom
- 1994-1998: SIG
- 1991-1994: Mikron
- 1984-1990: Bürkert
- 1980-1983: Georg Fischer

Education

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

Other activities and functions

- Givaudan* (CH), Chairman of the Board
- Bühler Group (CH), Chairman of the Board
- Carivel7 AG (CH), Owner
- Eraneos Group (CH), Chairman of the Board
- Avenir Suisse (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, President Robotics & Discrete Automation
- 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

Other activities and functions

- PSA International Singapore, Member of the AI Council



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
- 1997-1998: Momentum Strategy Consultant
- 1992-1997: Saatchi & Saatchi, J. Walter Thompson

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
- Nomination Committee (until March 2025)

Key experience

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

Professional history

- 2012-May 2025: Groupe Bruxelles Lambert, CEO
- 2005-2012: Ergon Capital Partners
- 1998-2005: Rhône Capital LLC

Education

- MBA from INSEAD, France

Other activities and functions

- adidas* (DE), Member of the Supervisory Board
- Imerys* (FR), Member of the Board, Chairman of the Strategic Committee
- Pernod Ricard* (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
- FG Bros (BE), Chairman of the Board
- Groupe Bruxelles Lambert (BE), Chairman 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

- 2018-2025: 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

Other activities and functions

- Chrono24 (DE), Chairman of the Advisory Board



Patrick Kron

Nationality: French
Year of birth: 1953
Appointment: March 2025

Function in SGS

- Board of Directors
- Remuneration Committee
- Nomination Committee

Key experience

- Strategy
- General management
- M&A
- Board governance
- Risk management

Professional history

- 2016-2024: Truffle Capital, President
- 2003-2016: Alstom
- 1998-2002: Imerys
- 1993-1997: Pechiney Group

Education

- Ecole Polytechnique, France
- Paris Ecole des Mines, France

Other activities and functions

- Imerys* (FR), Chair of the Board of Directors
- Sanofi* (FR), Member of the Board of Directors (until April 2026)
- Viohalco* (BE), Member of the Board of Directors
- Segula Technologies (FR), Member of the Supervisory Board

* Listed company.



Géraldine Picaud

Nationality: French
Year of birth: 1970
Appointment: March 2025

Function in SGS

- Board of Directors
- Chief Executive Officer

Key experience

- Strategy
- Business transformation
- General management
- Finance
- M&A
- Risk management
- IT and digitalization
- Procurement
- Audit and control

Professional history

- 2023-present: SGS, CEO
- 2018-2023: Holcim, Group Chief Financial Officer and member of the Executive Committee
- 2011-2018: Essilor International, Group Chief Financial Officer and member of the Executive Committee

Education

- MBA from Ecole Supérieure de Commerce de Reims, France

Other activities and functions

- Danone* (FR), Member of the Board of Directors and Chair of the Audit Committee
- Conseillère du Commerce Extérieur de la France (CCEF)



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

Professional history

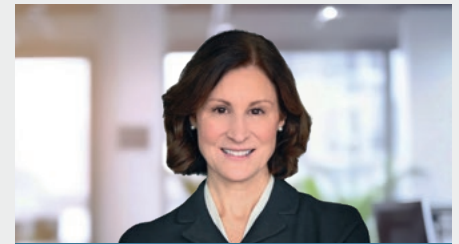
- 2005-2010: Barclays Capital, Managing Director
- 2001-2005: Credit Suisse
- 1998-2001: Lehman Brothers
- 1997-1998: Morgan Stanley
- 1995-1997: Commerz Financial Products
- 1992-1995: Total SA

Education

- DESS in corporate finance and the international capital markets, 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
- Harvard Executive Education, Making Boards More Effective
- INSEAD, Leading from the Chair
- Stanford Graduate School of Business Leadership Programme
- Oxford Artificial Intelligence Programme
- Professional certificate IBM Cybersecurity Fundamentals

Other activities and functions

- Pernod Ricard* (FR), Member of the Board and Chair of the Remuneration Committee, Member of the Audit Committee
- Bank Gutmann (AU), privately owned, Member of the Supervisory Board
- 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 Vergis

Nationality: American
Year of birth: 1964
Appointment: March 2021

Function in SGS

- Board of Directors
- Audit Committee
- Nomination Committee

Key experience

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

Professional history

- 2013-2019: various private equity firms
- 2010-2012: OraPharma, Inc.
- 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 are receiving any material 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 professional 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 (being a representative of a significant shareholder owning more than 10% of the shares of the Company) and Géraldine Picaud (acting CEO).

Except for Géraldine Picaud, 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 has 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 members of the Board have confirmed compliance 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 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 2025:

	Remuneration	Audit	Sustainability	Nomination
Calvin Grieder			■	■
Sami Atiya	■			■
Phyllis Ka Yan Cheung			■	
Ian Gallienne	■			■
Tobias Hartmann		■		
Patrick Kron	■			■
Géraldine Picaud				
Kory Sorenson	■	■	■	
Janet 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 oversees the preparation of the SGS Remuneration report.

Audit Committee

The Audit Committee supports the Board of Directors in discharging its duties in relation to financial reporting covering non-financial matters, risks, compliance 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. 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

The Sustainability 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 and selection and nomination of candidates for positions to the Board of Directors and 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	5 times	4 hours
Remuneration Committee	3 times	2 hours
Audit Committee	4 times	2 hours
Sustainability Committee	4 times	2 hours
Nomination Committee	3 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 2025 at the meetings of the Board and the respective standing committees.

Member	Board meetings	Remuneration	Audit	Sustainability	Nomination
Calvin Grieder	5/5			4/4	3/3
Sami Atiya	5/5	3/3			3/3
Phyllis Ka Yan Cheung	5/5			4/4	
Ian Gallienne ¹	5/5	1/1			0/1
Tobias Hartmann	5/5		4/4		
Kory Sorenson	5/5	3/3	4/4	4/4	
Janet Vergis	5/5		4/4		3/3
Patrick Kron ²	3/3	2/2			2/2
Géraldine Picaud ²	3/3				
Jens Riedl ³	2/2				

1. Ian Gallienne was excused from the Nomination Committee on 25 March 2025.

2. Elected to the Board in March 2025.

3. Did not stand for re-election in 2025.

3.5.3. Working methods of the Board and its committees

The Board of Directors and each committee hold regularly scheduled meetings with additional meetings convened as and when required, either 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. They are also authorized to retain external professional advisors to assist them in matters within their sphere of responsibility.

For resolutions to be adopted, a majority vote of the members of the Board of Directors or committee is required, with the Chair having the 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 two times a year.

3.6. 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
- 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 Chief Legal Officer.

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 Chief Legal 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 regularly updated about the operational and financial results of the Group through monthly management reports detailing 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 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 periodically reviews and monitors past 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 Internal Audit, receives its reports and deliberates on audit findings. It is also updated on the implementation of corrective actions identified by Internal Audit.

3.7.4. Ethics and Compliance

The Group has a Compliance & Business Ethics function, headed by the Chief Legal Officer, who reports to the Audit Committee and the Board of Directors and has direct access to the Chair of the Board.

The Compliance & Business Ethics function is responsible for upholding the Company's Business Principles, Code of Integrity and other relevant policies and procedures governing compliant and ethical business conduct. It ensures the implementation of the compliance management system with the goal of ensuring that the highest standards of integrity are applied across 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. It supports the Board in ensuring compliance with legal and regulatory requirements. Its responsibilities include reviewing any instances of fraud, whether material or not, involving management or employees with significant roles in the Group's internal controls as well as major litigation and or material legal matters involving the Company or the Group.

Both the Board and Executive Committee members have a deep understanding of the SGS Compliance framework and are fully committed to conducting and promoting SGS's business in a lawful, ethical and sustainable manner. The Chief Legal Officer and the Head of Compliance & Business Ethics bring extensive experience and expertise in business ethics and compliance to support this governance framework.

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 global functions



Géraldine Picaud
Chief Executive Officer

Nationality: French
Year of birth: 1970
Joined SGS: 2023

Education

- Master of Business Administration

Previous responsibilities

- 2018-2023: Holcim, Group Chief Financial Officer and member of the Executive Committee
- 2011-2018: Essilor International, 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



1. 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

2. 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

3. 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, COO of Eastern Europe & Middle East
- 2006-2007: SGS, Managing Director

4. Rafael Navazo Head of Latin America

Nationality: Spanish
Year of birth: 1977
Joined SGS: 2024

Education

- MSc in Management
- Mining Engineer degree

Previous responsibilities

- 2020-2024: Vesuvius, Vice President of EMEA Flow Control
- 2016-2019: Imerys, GM and VP of EMEA & Asia Filtration division

5. 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

6. Damien Rousseau Head of Business Assurance

Nationality: French
Year of birth: 1973
Joined SGS: 2024

Education

- Master's degree in Finance and Management

Previous responsibilities

- 2024-2025: SGS, Head of Central and Eastern Europe & SGS Digital Ventures
- 2020-2024: Holcim, Head of Eastern Europe

7. 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
- Engineering degree in Marine Power Installations

Previous responsibilities

- 2021-2024: SGS, VP of Mineral Commodities
- 2015-2021: SGS, VP of Energy Minerals

8. Fred Yang Head of Connectivity & Products (As of 1 January 2026)

Nationality: American
Year of birth: 1975
Joined SGS: 2023

Education

- Bachelor degree in Telecommunication

Previous responsibilities

- 2023-2025 SGS, Global Head of Connectivity
- 2019-2023 Eurofins, VP of Global wireless/VP of APAC E&E

9. David Plaza Chief Information Officer

Nationality: Spanish
Year of birth: 1975
Joined SGS: 2020

Education

- IT Engineer – graduated in Sport Science

Previous responsibilities

- 2018-2020: Adecco Group, Regional IT Head South Europe & EEMENA
- 2012-2018: Adecco Group, SVP IT

10. James Roberts Chief People Officer

Nationality: British
Year of birth: 1971
Joined SGS: 2024

Education

- MSc in Organisation Development
- BA in Business Studies

Previous responsibilities

- 2017-2024: Holcim UK, HR Director
- 2008-2016: Alstom Power/GE (Switzerland), VP HR of Energy Services

11. Marta Vlatchkova Chief Financial Officer

Nationality: French/Bulgarian
Year of birth: 1977
Joined SGS: 2024

Education

- Master's degree in Finance
- Bachelor's degree in International Economic Relations

Previous responsibilities

- 2023-2024: Sandoz, Chief Accounting Officer
- 2018-2023: Holcim, Head of Group Accounting, Reporting and Financial Planning & Analysis

12. Martin Oesch Chief Legal Officer

Nationality: Swiss
Year of birth: 1973
Joined SGS: 2024

Education

- Master's degree in law
- Master of Laws degree (LLM)

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 2025, Jeffrey McDonald, Head of Business Assurance; and Charles Ly Wa Hoi, Head of Connectivity & Products and Health & Nutrition 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.

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 68 to 74 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 2025 (same as at 31 December 2024), 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 64.

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 can provide 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.

Electronic voting of resolutions is authorized by the articles of association, within the guidelines set 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 2025 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's and the Group's 2025 financial statements amounted to CHF 5.3 million (2024: CHF 5.7 million).

8.3. Additional fees

In addition, PwC other professional services fees amounted to CHF 0.9 million in 2025 (2024: CHF 1.0 million).

These are mainly composed of tax compliance services and other assurance services.

8.4. Information instruments pertaining to the external audit

The Audit Committee evaluates the external auditors 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 auditors at least four times per year, including in private sessions without the presence of management; in 2025, the Audit Chair met four times with the external auditors.

The Committee considers and approves the proposed audit plan, assesses the auditors performance, and approves the audit fees based on the work required.

The Audit Committee reviews significant financial statement risk areas, including key audit matters in the statutory auditor's report, and evaluates audit effectiveness under Swiss law, the auditors' understanding of the Group, and how significant internal control and financial reporting issues are identified, reported and resolved.

The Committee also reviews coordination with component auditors and the timeliness and relevance of statutory audit and management letters.

It prioritizes auditor independence and the absence of conflicts of interest, reviews non-audit services, and applies a restrictive non-audit services policy (excluding most tax advisory services and M&A-related services) with a prior-approval process above defined thresholds.

Audit fees are approved based on a negotiated budget reflecting audit complexity, Group structure, internal controls, and auditor responsibilities, and auditors report findings during Committee meetings and in written reports to the Board of Directors.

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.

SGS is committed to the highest standards of transparency, consistency and fairness in its communications with the financial community. The Group website provides a comprehensive Investor Relations section where all financial reports, presentations and regulatory disclosures are made available promptly. SGS engages regularly with shareholders and analysts through results presentations, webcasts, roadshows, conferences and one-on-one meetings. All communications comply with applicable regulations, ensuring the simultaneous release of material information and equal treatment of all market participants. 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 196 of this report.

10. Non-trading periods

Members of the Board of Directors and the Executive Committee as well as other employees having access to material non-public information are banned from trading in SGS shares and other financial instruments issued by SGS during the 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.

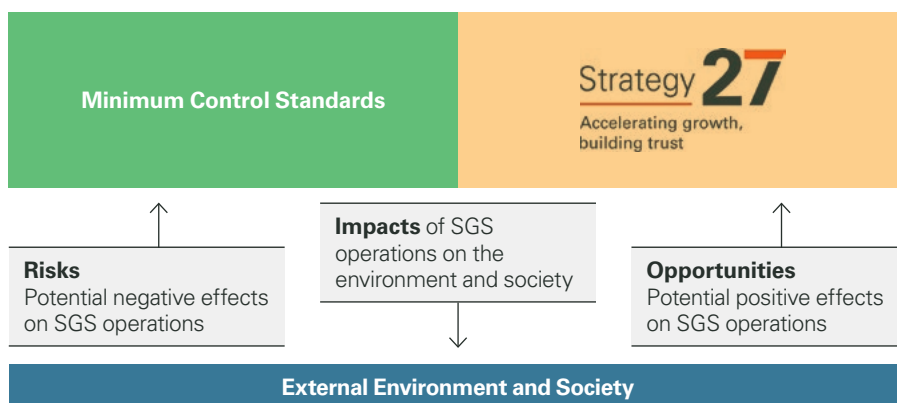
11. Integrated framework for managing risks, opportunities and impacts

11.1. Introduction







Embracing the spirit of European simplification initiatives, in 2025, SGS successfully implemented an integrated management framework, streamlining the previously separate and overlapping processes of Enterprise Risk Management and Double Materiality Assessment, bringing focus and reducing unnecessary workload for the business. This integrated approach eliminates functional silos, strengthens first-line ownership and fosters collaboration across Countries, Regions and the Group.

A unified assessment campaign now organizes risks, opportunities and impacts by topic, under the oversight of dedicated subject matter experts. Strategic actions and internal controls are deployed as mitigation measures to address identified risks and negative impacts. Risks are associated with Minimum Control Standards (SGS Group's internal control framework, refer to Section 12) where relevant. By maintaining continuous management oversight of key risks, controls, and actions, SGS ensures secure execution of its business strategy.

Integrated framework for managing risk, opportunity and impacts



The framework of Risks, Opportunities and Impacts are defined and organized as per the following categories and topics:

	Topic	# of Risks	Risk Management	Main business opportunities	Main impacts to environment and society
01 Legal & Compliance 	Compliance & ethics	5	●	<ul style="list-style-type: none"> • Opportunities to engage with regulatory developments for new markets or services and to build trust through responsible conduct and transparency 	<ul style="list-style-type: none"> • Impacts of our integrity programs and business ethics culture on our stakeholders
	Data privacy	2	●		
	Legal affairs	3	●		
	Investor relations	1	●		
	Fair competition	1	●		
02 Business Operation 	Economy and business model	4	●	<ul style="list-style-type: none"> • Opportunities to adapt our business models to meet the demands of our clients 	<ul style="list-style-type: none"> • Impacts of our services and operations on our stakeholders, in the areas of regulatory compliance, sustainability performance and business continuity
	Customer satisfaction	2	●		
	Industry evolution	2	●		
	Pricing	1	●		
	Supply chain	2	●		
	Operational performance	2	●		
03 Technology, Digital and IT 	Technology & digital innovation	4	●	<ul style="list-style-type: none"> • Opportunities to deliver digital trust services, data solutions and software solutions 	<ul style="list-style-type: none"> • Impacts of our information security measures on the protection third-party data
	Information security	6	●		
	IT capacity & infrastructure	3	●		
04 Environment 	Climate & sustainability transition	1	●●	<ul style="list-style-type: none"> • Opportunities to deliver sustainability services to our clients related to environment 	<ul style="list-style-type: none"> • Impacts of our climate change policies and actions on stakeholders and society
	Pollution	2	●		
	Animal welfare	1	●		
05 Social 	Anti-discrimination	1	●	<ul style="list-style-type: none"> • Opportunity to deliver sustainable services related to human rights compliance 	<ul style="list-style-type: none"> • Impacts of our policies and management of workplace discrimination, health and safety, modern slavery, human rights and labor practices on our supply chain and our workforce
	Health & safety	2	●		
	Talent management and working conditions	3	●		
	Modern slavery	1	●		
	Security	2	●		
06 Finance 	Expenditures	3	●		
	Financial accounting/reporting	1	●		
	Foreign exchange	1	●		
	Insurance	1	●		
	Solvability & liquidity	2	●		
	Taxation	7	●		

Risks managed through:

● Strategy ● Minimum Control Standards (MCS)

Beyond fulfilling reporting requirements, this topic-based approach allows for a comprehensive exploration of each issue and the definition of integrated actions.

MCS are essential for managing risks tied to regulatory compliance, transactional efficiency and information reliability, while strategic actions are taken to address risks stemming from economic, industrial and operational factors.

In 2025, dedicated training sessions on the integrated risk management framework, assessment methodology, key risk areas and internal controls were conducted across SGS globally. The entire assessment and action plan tracking process is enabled by an integrated IT platform that supports risk management and internal controls.

11.2. Governance

The Board of Directors, through the Audit 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 Risk Management framework. The Sustainability Committee is responsible for overseeing the identification and assessment of the Group’s sustainability-related impacts, risks and opportunities, as well as the actions taken to address them.

The Executive Committee holds ultimate responsibility for identifying Company impacts, risks and opportunities and embedding these considerations into all strategic decisions and key business planning processes.

The Risk Committee, which reports to the Executive Committee and Audit Committee, convenes at least three times a year. Its primary responsibilities include supervising the impacts, risks and opportunities assessment and Internal Control processes and monitoring the activities of the assurance functions (as outlined under the second line of defense).

The Risk Committee is composed of the Chief Financial Officer, Chief Legal Officer, Chief People Officer, Chief Information Officer, a Head of a Region and a Head of a Business Line along with representatives from Risk Management and Internal Control, Group Compliance, Sustainability and the Head of Internal Audit.

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



There is a strong collaboration between Risk Management, Internal Control and Internal Audit functions. This increased transparency and information sharing further reinforces assurance and oversight by the Audit Committee and the Board.

11.3. Assessment method and process

The Group assesses risks, opportunities and impacts starting with a bottom-up approach, which consists of local identification and implementation of mitigation actions and plans. Assessments performed by countries and business lines are first consolidated at the Group level and reviewed by Group subject matter experts, who then conduct 'top-down' assessments from a Group perspective.

Final assessments results are reviewed and endorsed by the Risk Committee, Executive Committee, Audit committee and Board of Directors.

Assessment of risks and opportunities

Risk reflects potential negative financial or reputational impacts of an uncertain event on SGS, while opportunity represents potential positive effects.

This applies the 'Financial materiality' assessment for the purpose of Double Materiality Assessment. Both are assessed based on magnitude and likelihood. Magnitude includes financial materiality, evaluating impacts on SGS's financial position, performance, or cash flows and non-financial materiality, which covers reputational and other qualitative effects.

Risk appetite

Risk appetite is defined with the aim of supporting the achievement of business growth while maintaining the highest standards of quality and compliance and equally considering sustainability and societal impacts. We have zero tolerance for breaches of regulatory requirements, a low tolerance for operational errors and for inadequate competency management and a medium appetite in the areas where risk-taking supports operational improvement and growth. The Risk Committee reviews and monitors risk appetite adherence. Group Risk owners are responsible for managing risks within appetite levels.

Risk tolerance limits are established using a standardized risk score. If the residual risk score, after applying remediation and mitigation measures, exceeds the defined risk tolerance threshold, additional actions must be identified and implemented to address the gap.

Assessment of impacts

Impact refers to the positive or negative effects, actual or potential, that a Company's activities have on people, the environment and society. Impact materiality considers the effects SGS may have on the environment or society, based on:

- Nature: positive or negative
- Type: actual or potential
- Scale: magnitude of the impacts
- Scope: extent of the impact

Risk appetite level	Definition
Zero tolerance	No acceptance of risk under any circumstances. Strictly prohibited due to legal, ethical, or reputational implications. Applies to areas such as bribery, fraud, human rights violations, or regulatory non-compliance.
Low	Only minimal risk is accepted. Risks must be clearly justified, well understood and rightly controlled. Applies to areas affecting brand reputation, customer trust, or operational stability.
Medium	Moderate level of risk is acceptable where benefits are compelling and risks are mitigated through effective controls. Applied in areas where calculated risk-taking supports operational improvement and growth.
High	A significant level of risk is accepted in the pursuit of strategic opportunities, innovation, or growth, provided mitigation measures are in place and the risks are actively monitored. Requires leadership oversight.
Very high	Willingness to accept substantial risk exposure where the potential for transformative value or long-term strategic advantage is high. Reserved for bold initiatives required executive and board-level scrutiny.

- Remediability: degree to which a negative impact can be remediated
- Probability: for potential impacts only
- Value chain position: where in the value chain the impact occurs

Our 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.

11.4. Integrating risk management into leadership, services and rewards

Regular risk management education for all non-executive directors

In 2025, we held a dedicated training session with all Board members to present our new integrated risk management framework, which holistically connects risk, impact and opportunity with the Company's strategic objectives, mitigation actions and internal control mechanisms.

The framework also clarifies the governance structure, emphasizing the distinct roles and responsibilities of the Board of Directors, the Audit Committee and the Sustainability Committee in overseeing risk management.

During this engagement, we updated the Board of Directors on our risk methodology, presented the 2025 risk assessment outcomes and actively sought the board's input to ensure alignment and strategic relevance.

To deepen the dialogue, we conducted topical deep-dive sessions on selected risk areas and explored emerging risks that may influence the Company's future resilience and performance.

These periodic educational initiatives reflect our commitment to equipping non-executive Board members with the necessary insights and tools to effectively fulfill their oversight responsibilities.

Incorporation of risk criteria in the development of products and services

SGS services are founded on strict compliance with regulations and standards. *Integrity of services* is considered a key risk due to the nature of our business. To manage this risk, SGS applies a multi-layered approach that includes quality control, technical governance, internal controls, training and clear accountability at both Group and Country levels.

Other key risks are the *decrease in service demand and the reduced agility due to insufficient market and customer focus*. To mitigate these risks, we have realigned our management structure 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. In addition, we preserve a global footprint for strategic activities, enabling laboratory backup and cross-country collaboration. We are also expanding Global Business Services to enhance operational excellence and reduce turnaround time.

SGS's internal control framework is fully linked to Risk Management. The Minimum Control Standards serve as the baseline for mandatory compliance across the Group and covers the main business processes, including the development and delivery of services. Examples of control standards linked to these processes are pricing, jobs and sales orders and customer creditworthiness.

Financial incentives which incorporate risk management metrics

Some of the KPIs used in the variable remuneration of the Executive Committee are linked to risk factors. Some examples are shown in the table below:

Risk factor	Remuneration element	Description/objective
Risk of decrease in service demand/economy	Organic sales growth and profit margin short-term incentive KPIs	The goal is to drive performance excellence by aligning incentives with the achievement of annual operating goals and long-term strategic priorities
Risk of crisis or structural industry decline		
Risk of reduced agility due to insufficient market and customer focus		
Risk of inefficient performance management		
Risk of corruption	Malus and claw back policies	The goal is to maintain the maximum standards of integrity. The Company may forfeit unvested equity compensation or reclaim the value of any variable incentives paid, in cash or shares, in case of serious violation of the SGS internal regulations and/or Code of Integrity
Risk of violation of integrity of services		
Risk of hazards and injuries affecting health and safety in the workplace	Long-term incentive ESG metrics: Lost Time Incident Rate (LTIR), % of women in leadership positions, GHG emissions	The goal is to support the Company's ongoing commitment to advancing ESG initiatives as part of its long-term strategy; align the interests of our leadership with our long-term sustainability goals
Risk of workplace discrimination		
Risk of physical impact derived from climate-related risks		

11.5. Risk, opportunity and impact assessment outcomes

In 2025, SGS's assessment confirmed significant opportunities and positive impacts across four key megatrends (see Management report page 16): powerful sustainability transition, innovation in digital capabilities & new technologies, nearshoring of supply chains and increasing regulation and public awareness.

Our assessment result shows that we create substantially positive impacts by delivering services that support the sustainability transition, digital evolution, compliance, business ethics, human rights, trust and supply chain resilience, areas that also present strong business opportunities for SGS. This alignment affirms the robustness of our strategy 2027.

Due to the nature of our services, the negative impacts on the environment are limited and are controlled through our operating procedures.

While inherent risks have risen in areas such as cybersecurity, data protection and physical security, these have been effectively mitigated through targeted measures. Technology disruption continues to challenge traditional laboratory and audit models, while simultaneously unlocking new opportunities in digital trust, software and data-driven solutions. The assessment also emphasized the importance of continuing strengthening internal controls to address the risks related to service integrity, corruption and sanctions compliance.

To determine the material topics based on the double-materiality methodology, the following ratings were considered:

- Gross risk rating
- Opportunity rating
- Impact rating

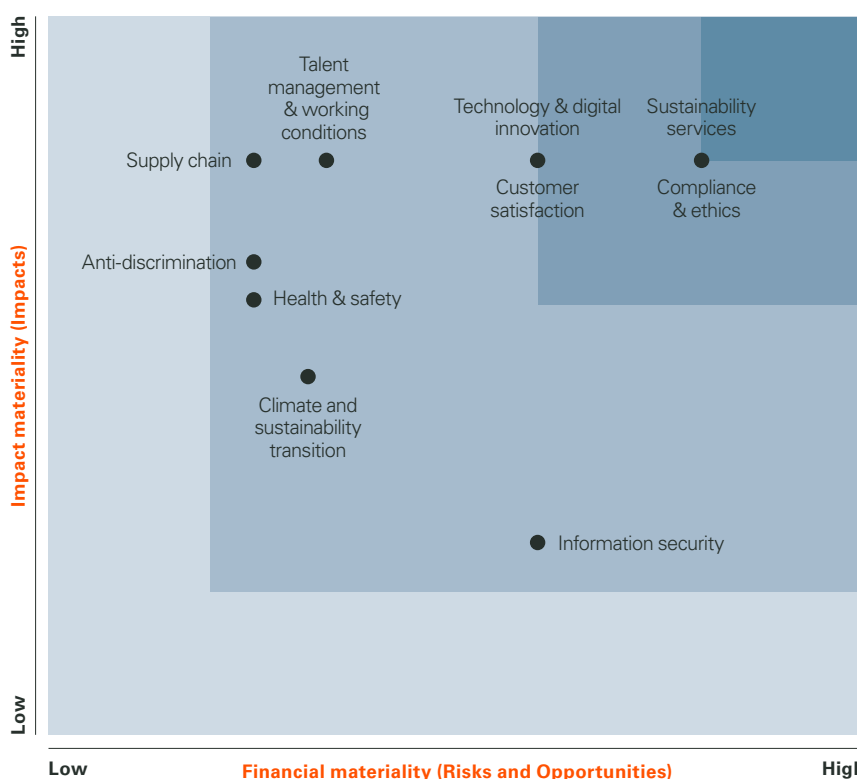
The maximum score of each of these three components was assigned to each of the topics in which the impacts, risks and opportunities were grouped:

- Compliance & ethics
- Economy and business model (including sustainability services)
- Supply chain
- Customer satisfaction

- Information security
- Technology and digital innovation
- Climate and sustainability transition
- Talent management & working conditions
- Health and safety
- Anti-discrimination

The results can be represented in the following double-materiality matrix:

Double materiality matrix



The table shows the risks, opportunities and impacts for all the material topics assessed based on the double-materiality methodology.

Risks are evaluated at both Gross and Residual levels, represented by the two bars in the diagram. In accordance with regulatory requirements, opportunities and impacts are assessed exclusively at the Gross level.

Legend



Topic Explanation Rating

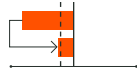
Legal & Compliance

Compliance and ethics

Risk of sanctions violation

Risk profile and appetite management: As a globally operating Company, SGS must adhere to a wide range of international regulations, including the constantly evolving sanctions regimes. A breach of those could result in severe legal, financial and reputational consequences. Violations could also lead to exclusion from key markets or partnerships and in extreme cases by being sanctioned by countries and criminal liability.

Mitigation: Comprehensive set of prevention and detection measures comprising global policy, training, counterparty screening and sanction advisory desk.



Risk of corruption

Risk profile and appetite management: SGS is firmly committed to preventing bribery and corruption, fully aware of the serious financial, legal and reputational consequences associated with such misconduct. SGS has zero tolerance on public corruption.

Mitigation: SGS maintains a robust compliance framework supported by comprehensive policies and processes on Third-Party Due Diligence, Anti-Corruption and Conflicts of Interest. This framework is reinforced by preventive actions to ensure a strong culture of integrity anchored in our Code of Integrity and sustained through systematic, recurring training for all employees. Adequate processes have been implemented to ensure detection of such risk exposures. Oversight is ensured by a dedicated Compliance Committee.




Opportunity to develop new market or services for regulatory compliance

SGS actively monitors evolving regulatory frameworks worldwide. Increasing complexity in compliance requirements, such as sustainability reporting, data privacy, product safety and ESG standards, creates demand for specialized testing, inspection and certification services. By anticipating regulatory trends and collaborating with authorities and industry bodies, SGS can design innovative solutions that help clients meet new obligations efficiently.



Opportunity to build trust through responsible conduct and transparency

By consistently demonstrating ethical practices, clear communication and accountability, SGS strengthens relationships with customers, suppliers, regulators, employees and society. This commitment enables us to differentiate in competitive markets, attract and retain clients who prioritize integrity and foster collaborative partnerships across the value chain.



Impact of our integrity programs and business ethics culture on our stakeholders

Our integrity programs and ethics culture strengthen trust across all stakeholders. For customers and suppliers, they ensure transparent, impartial services and responsible business practices. For regulators, they demonstrate proactive compliance and reliability. For employees, they foster accountability and a safe environment to act ethically. For society, they help protect consumers and the environment from risks linked to non-compliance. Through training, monitoring and governance, these programs reinforce confidence and create sustainable value.



Business Operation

Economy and business model

Risk of decrease in service demand/economy

Risk profile and appetite management: SGS recognizes that the dynamic nature of market demand, influenced by economic fluctuations and evolving customer expectations, presents risks to revenue generation. Rising geopolitical conflicts and trade tensions, which are disrupting supply chains and trade routes. SGS is committed to proactively managing this risk through a balanced approach. The organization is prepared to accept a moderate level of exposure while implementing strategic measures to mitigate the impact.

Mitigation: SGS addresses this risk by diversifying and strengthening its service portfolio, including the launch of IMPACT NOW to capitalize on the growing sustainability megatrend, the continued development of digital trust services targeting high-growth sectors and the expansion of its presence in North America and Europe through both organic growth and acquisitions.



The table shows the risks, opportunities and impacts for all the material topics assessed based on the double-materiality methodology.

Risks are evaluated at both Gross and Residual levels, represented by the two bars in the diagram. In accordance with regulatory requirements, opportunities and impacts are assessed exclusively at the Gross level.

Legend



Topic	Explanation	Rating
Impact of our sustainability services on customers' sustainability performance	Our services can significantly improve the sustainability performance of our clients and support them in their decarbonization efforts.	
Opportunity to deliver sustainability services to our clients	Expanding into new markets with our sustainability services offering, whether geographical or sectorial, represents a significant financial upside for SGS. The global transition to low-carbon and sustainable practices is opening emerging demand in areas as well as in newly regulated sectors. Similarly, as regulatory frameworks and market expectations around decarbonization intensify, demand for low emission goods and services is accelerating. SGS, as a global provider of testing, inspection and certification, can play a pivotal enabling role.	
Supply chain		
Opportunity to deliver responsible supply chain services	Opportunity to help customers in a wide range of services to improve their human rights and labor practices.	
Impact of our supply chain management on supplier sustainability performance	This impact refers to how SGS sustainable supply chain management programs and policies may have a direct impulse on our suppliers internal sustainability-related projects, programs, initiatives and commitments.	
Impact on human rights and labor practices on the supply chain	Our sustainability approach requests our suppliers to align to SGS standards defined to promote responsible business practices. This is managed through: SGS Supplier Code of Conduct, Sustainability criteria integrated on Requests for Proposal and the Sustainability Supplier Self-Assessment Questionnaire.	
Customer satisfaction		
Risk of violation of integrity of services	Risk profile and appetite management: compliance with service standards are fundamental to maintaining trust and recognition. This risk applies to all SGS activities. A violation of service integrity can lead to loss of accreditation, client trust, market access, particularly in regulated sectors, and possible negative impacts on the final users, the society or the environment. SGS does not tolerate any breach of service integrity, given its potential to undermine stakeholder confidence, regulatory standing, and its value to society. Mitigation: SGS applies a multi-layered approach combining quality control, technical governance, internal controls and training, with clear accountability at Group and Country levels. This approach is supported by a comprehensive quality management system encompassing policies, standards and audits and strong cross-functional collaboration among Business, Internal Control, Compliance, Security and Audit teams.	
Impact of our services in the regulatory compliance of our customers	Our services can have a positive impact in the regulatory compliance of our customers, including better performance and increased efficiency. This, in turn, has an effect on customer satisfaction.	
Security		
Risk of business disruption due to criminality, civil disorder and armed conflicts	Risk profile and appetite management: risks include local protests, terrorism, warfare and social consequences of natural disasters such as looting. These events can endanger employee safety, disrupt transport and in severe cases, force site closures. The risk appetite is established by assessing the likelihood and severity of such events in key operational regions, focusing on the capacity to mitigate and respond effectively. Mitigation: SGS strengthens resilience by increasing awareness among Country Managing Directors through business continuity initiatives, implementing remote work options for activities that do not require on-site presence and enhancing physical and procedural security measures to protect premises.	

The table shows the risks, opportunities and impacts for all the material topics assessed based on the double-materiality methodology.

Risks are evaluated at both Gross and Residual levels, represented by the two bars in the diagram. In accordance with regulatory requirements, opportunities and impacts are assessed exclusively at the Gross level.



Topic	Explanation	Rating
Technology, Digital and IT		

Information security

Risk of cyberattacks	<p>Risk profile and appetite management: SGS recognizes cyberattacks as a high-risk threat with potentially significant financial, operational, reputational and legal consequences, such as loss or compromise of sensitive data, interruption of critical operations, financial losses and erosion of customer confidence and brand reputation. It may also result in regulatory non-compliance or legal exposure. Given the critical importance of protecting corporate and customer data and ensuring regulatory compliance, SGS maintains a very low appetite for cyber risk. The Company prioritizes preventive and proactive measures to minimize the likelihood and impact of any cyber incident that could disrupt operations, compromise data integrity, or damage stakeholder trust.</p> <p>Mitigation: SGS continuously strengthens its cybersecurity posture through multi-layered defenses, including next-generation firewalls, identity and access management, endpoint protection and intrusion detection systems. The Company maintains 24/7 global monitoring via its Security Operations Center (SOC) and Digital Forensics & Incident Response (DFIR) services. Regular vulnerability management, threat intelligence integration, employee awareness programs and incident response simulations support a culture of continuous improvement and resilience.</p>	
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Impact of our services on the protection of third-party data and regulatory compliance of our customers	Our services can impact positively on our clients' regulatory compliance and the protection of third-party data and information.	
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Technology and digital innovation

Risk of technology disruption (Emerging risk)	<p>Risk profile and appetite management: The accelerating convergence of technologies such as Generative AI, IoT, quantum computing, digital twins and advanced connectivity is reshaping the landscape of Testing, Inspection and Certification (TIC). This digitalization megatrend presents long-term risks to SGS's traditional service models, while also opening new opportunities in digital assurance.</p> <p>Mitigation: Building on established alliances with research institutes, tech leaders, and startups to drive innovation and align solutions with evolving customer needs and market demands.</p>	
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Opportunity to deliver digital trust services, software and data solutions	Technology disruption challenges traditional lab and audit models, while creating strong opportunities in digital trust, software and data solutions, notably in business sectors where SGS has deep involvement and legacy strength. Delivering digital services to our clients remains a priority supported by Strategy 27 and our digital trust services portfolio.	
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Environment

Climate and sustainability transition

Risk of reduced demand for services affected by new regulations on climate	<p>Risk profile and appetite management: Climate regulations are unlikely to disrupt our markets quickly. Moreover, SGS plays a key role as an enabler of the ecological transition, supporting customers in overcoming climate-related challenges.</p> <p>Mitigation: This positioning not only mitigates the risk but also creates significant business opportunities for SGS by offering solutions aligned with sustainability and regulatory compliance.</p>	
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Risk of increased transition costs	<p>Risk profile and appetite management: This risk involves an increase in the cost of accessing financing driven by a decline in SGS's ESG reputation among investors, NGOs, rating agencies and other stakeholders. It does not result in a direct loss of revenue but leads to higher financing expenses due to negative perceptions.</p> <p>Mitigation: Improving ESG performance, enhancing transparency in reporting and engaging with key stakeholders. This positions us as a sustainability leader across key ratings and indices. This credibility strengthens our standing with investors and financial institutions, helps protect our reputation and reduces the likelihood of increased financing costs.</p>	
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The table shows the risks, opportunities and impacts for all the material topics assessed based on the double-materiality methodology.

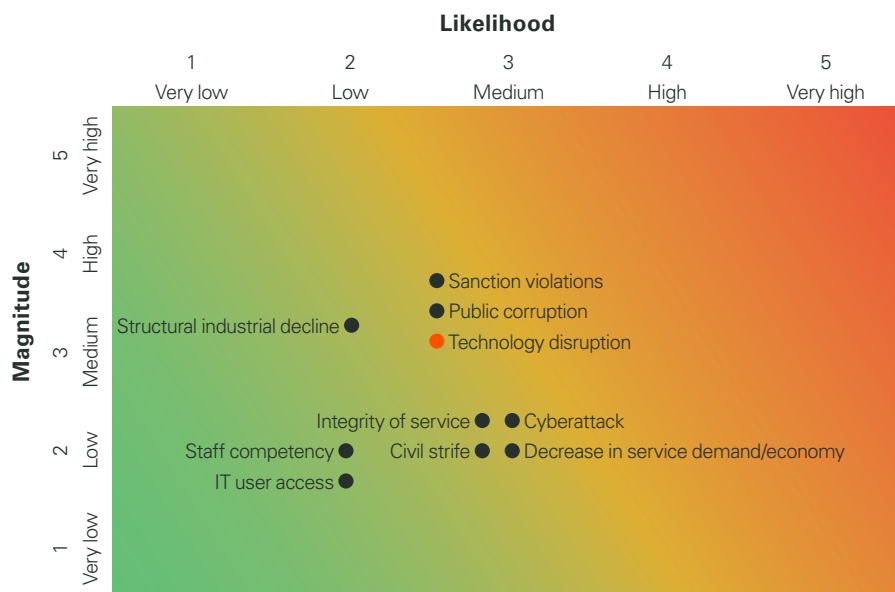
Risks are evaluated at both Gross and Residual levels, represented by the two bars in the diagram. In accordance with regulatory requirements, opportunities and impacts are assessed exclusively at the Gross level.

Legend



Topic	Explanation	Rating
Risk of not meeting stakeholders' expectations in terms of climate positioning or non-compliance with climate requirements	<p>Risk profile and appetite management: This risk refers to the possibility that SGS may lose business opportunities because some clients choose not to contract with the Company, perceiving that its climate positioning does not meet their expectations or is not compliant with technical and documentary climate requirements.</p> <p>Mitigation: We closely monitor evolving client requirements, particularly climate-related technical and documentary criteria, to ensure full alignment. This proactive approach, combined with strong ratings performance, enables us to maintain and grow our business by reinforcing trust and credibility with current and prospective clients.</p>	
Impact of our climate change policies and actions on stakeholders and society	Our climate change policies and programs can have a positive impact on our stakeholders and are mainly driven by our Net-Zero Transition Plan.	
Social		
Talent management and working conditions		
Risk of lack of qualified and competent employees	<p>Risk profile and appetite management: Shortages of skilled and qualified employees pose a risk to customer delivery, satisfaction and growth. Furthermore, an increase in employee turnover could lead to a loss of skills, expertise and key personnel. It could also affect the reputation of the Company as employer of reference and increase recruitment costs. We address this through strategic hiring, internal development and continuous learning to ensure our workforce remains capable and future-ready.</p> <p>Mitigation: Local skill development, regional workforce planning and clear KPIs to track attrition and skill gaps. Global and regional talent acquisition teams support proactive hiring. Leadership and succession programs further strengthen critical talent pipelines.</p>	
Impact of our training and skills development practices on our employees	Our training and skills development practices can have a significant positive impact on employees, affecting their performance, well-being and career trajectory.	
Impact of human rights and labor practices on our workforce	Appropriate human rights and labor practices policies and programs can have a positive impact in employee engagement and well-being.	
Health and safety		
Risk of hazards and injuries affecting health and safety in the workplace	<p>Risk profile and appetite management: An inadequate health and safety (H&S) management that could create hazardous working conditions and environment for our employees and contractors.</p> <p>Mitigation: H&S Management System and focus H&S programs are enforced at the different SGS levels to control/prevent H&S risks and protect SGS employees and contractors.</p>	
Risk of inappropriate workplace and/or working conditions	<p>Risk profile and appetite management: Inappropriate workplaces and/or working conditions, such as equipment, buildings, tools or ventilations could generate accidents or occupational illnesses.</p> <p>Mitigation: H&S Management System and focus H&S programs are enforced at the different SGS levels to control/prevent H&S risks and protect SGS employees and contractors.</p>	
Impact of H&S policies and management systems on SGS employees	Appropriate health and safety policies, as well as the implementation of structured management systems may have a positive impact on the protection and overall working conditions of individuals employed at SGS sites. It encompasses efforts to prevent workplace accidents and illnesses, promote a culture of safety, ensure compliance with legal and regulatory standards and continuously improve safety performance.	
Anti-discrimination		
Impact of modern slavery and discrimination on our employees	Adequate policies to guarantee the absence of modern slavery and discrimination within our direct operations can have a positive impact on our employees well-being. Modern slavery includes forced labor, human trafficking, child labor and other exploitative practices that violate fundamental human rights of our employees. Workplace discrimination can be based age, sexual orientation, gender identity, racial and ethnic origin, nationality or social origin, disability or any other protected characteristic.	

11.6. Heatmap of top 10 residual risks



Risk key:

- Established
- Emerging

Regulatory evolution in cybersecurity and AI governance:

The regulatory landscape is tightening, with new frameworks such as NIS2 (Network and Information Security Directive 2) and the EU AI Act (European Union Artificial Intelligence Act) introducing stricter compliance requirements for organizations operating in digital and technology-driven environments:

- Effect of the risk on SGS
 - Increase operational complexity and compliance costs
 - Require enhanced incident response and cross-border reporting capabilities
 - Impact the pace and scope of AI-driven innovation
- Mitigating actions
 - SGS is establishing a dedicated compliance task force to monitor and address emerging regulatory requirements, ensuring the organization remains proactive and well-prepared in a rapidly evolving legal landscape.
 - To maintain alignment with prevailing and new regulations, SGS conducts periodic gap analyses, enabling timely updates to policies, procedures and controls. The Company is also strengthening its compliance training programs, ensuring that all relevant stakeholders are equipped with the knowledge and tools needed to uphold regulatory standards
 - In addition, SGS actively engages with legal experts and industry bodies to stay informed of upcoming regulatory developments and best practices.

11.7. Emerging risks

Country and Group assessors apply the same structured approach to identify and monitor emerging risks, alongside established risks. By embedding emerging risks into our risk management process, we enable early identification, focused mitigation and continuous adjustment to changes in our operating environment, ensuring our assessments remain accurate and responsive.

Technological disruption and the digitalization megatrend:

The accelerating convergence of technologies such as Generative AI, IoT, quantum computing, digital twins and advanced connectivity is reshaping the landscape of the Testing, Inspection and Certification industry. This digitalization megatrend presents long-term risks to SGS's traditional service models, while also opening new opportunities in digital assurance.

- Effect of the risk on SGS
 - Digital twins and real-time monitoring platforms are enabling continuous, virtual simulations and live oversight, reducing reliance on physical testing and periodic audits
 - The rise of phygital systems – blending physical and digital environments – signals a shift toward continuous assurance, with platforms potentially replacing traditional audit cycles

- Generative and Agentic AI are facilitating real-time compliance workflows, automating evidence collection, analysis and reporting, which may reduce demand for SGS's certification and audit services
- The growing need for multi-dimensional trust in digital systems (cybersecurity, privacy, fairness) is driving demand for new assurance models beyond the traditional TIC scope

- Mitigating actions
 - SGS is strengthening innovation partnerships with research institutes, technology leaders and startups to co-develop solutions that align with evolving customer needs. These collaborations are key to driving forward-thinking service offerings and ensuring relevance in a rapidly changing market
 - SGS is investing in hybrid service models that integrate both physical and digital capabilities, including advanced technologies such as digital twins and live trust dashboards. Agile teams across the organization are empowered to explore and validate emerging technologies, fostering a culture of innovation and continuous learning
 - To further advance its leadership in digital trust, SGS is developing digital assurance platforms and embedding IoT capabilities to deliver real-time, data-driven evaluations. Through these strategic actions, SGS positions itself to meet the regulatory and operational demands of increasingly digital ecosystems, while remaining close to customers and stakeholders

11.8. Internal audit on integrated risk management

Following an independent review of our risk management processes, conducted jointly by an external audit firm and our internal audit team, we have successfully implemented all recommended actions. Emphasis was placed on enhancing risk oversight and improving the tracking of action plans. These improvements have reinforced our governance framework and further embedded accountability and transparency into our risk management practices.

The integrated risk management framework undergoes regular evaluation by Group Internal Audit, which includes an independent assessment of the annual process and the implementation of key risk mitigation measures across the Countries.

12. Internal control

SGS's internal control framework is built on Minimum Control Standards (MCS) which establish the key process anchor points, address business risks and clearly define the responsibilities of operating companies and business units across all countries. These standards are equally defined at Group level. Clear guidance and consequence management are in place for situations where these standards are not fully met. The MCS are managed and independently reviewed by our Risk Management and Internal Control department, in collaboration with internal control champions and business process 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 regulations and the effectiveness and efficiency of processes. 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 MCS 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 MCS 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 MCS 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 transactions, sanctions compliance, insurance programs, security risk management, litigation and disputes, personal data protection and delegation of authority.

Internal Control Over Financial Reporting

Financial controls cover accounting and reporting, management of assets and inventory, revenue and procurement processes, tax compliance, treasury operations, pensions and segregation of duties.

Information Technology

User access management, identity management, network security, training and awareness, incident management, vulnerability management and data backup, storage and restoration processes.

Human Resources

Recruitment, onboarding and employment management, HR master data management, payroll management and employee offboarding.

Sustainability

Sustainability reporting and human rights.

Operations

Health and safety, business continuity, integrity of services delivered and climate mitigation and adaptation.

12.3. Internal control monitoring throughout the Group

The Group is dedicated to upholding high standards of internal control documentation, assessment, testing and monitoring of performance. 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 MCS
- Control tests to assess their design and operational effectiveness, with clear guidance and testing methodology provided by Risk Management and Internal Control department
- Management assessments of control effectiveness by considering the latest status of control activities, self-testing results and when applicable, observations from Group oversight and assurance functions including Group Internal Audit
- Continuous management oversight of key risks, controls and actions, with regular and formal updates to the Group
- An annual internal certification process to confirm management's responsibility, at 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, are closely monitored by the relevant Senior Management. The results of these procedures are presented to the Audit Committee.