



Climate change policy

1. INTRODUCTION

Climate change stands as the most significant challenge of our time. SGS is already a non-polluting Company today due to its very low carbon emissions levels. However, we have committed to go even further, significantly reducing our emissions by 2030 and achieving net-zero emissions by 2050. This has been endorsed by the Science Based Targets initiative (SBTi) and reflects our dedication to combating climate change. We recognize the urgency of addressing this crisis, not just as an environmental concern but as a socio-economic imperative affecting millions today.

This policy outlines our commitment and targets related to climate change mitigation and adaptation.

2. SCOPE

This policy applies to SGS Group and all its affiliates, covering both SGS's current operations and future acquisitions.

3. PRINCIPLES

We commit to:

- Set targets in line with climate science and review them against the latest criteria and guidance every five years
- Embed climate change risks and opportunities into strategic planning and decision-making
- Carry out carbon accounting and define and execute appropriate actions to reduce our negative impact on climate
- Regularly monitor our performance, ensure data quality and disclose our results
- Engage with stakeholders to define priority areas, promote awareness, share best practices and align decarbonization efforts

4. NET-ZERO TARGETS

Aligned with the 1.5°C objective from the Paris Agreement, we have committed to reach net-zero greenhouse gas emissions across the value chain by 2050. Starting from an already low base of 916,573 tonnes CO₂e in 2019 (baseline year), we have approved near and long-term science-based emissions reduction targets with the SBTi:

Near-term targets:

Our direct emissions (Scope 1 and 2) were at a minimal level of 130,000 GHG tonnes in 2019. Nevertheless,

we commit to reduce absolute Scope 1 and Scope 2 GHG emissions 46.2% by 2030 from a 2019 base year. We also commit to reduce absolute Scope 3 GHG emissions 28% by 2030 from a 2019 base year.

Long-term target:

Indirect emissions, (Scope 3) represent the bulk of our footprint, and mainly come from our supply chain. We will work with all stakeholders involved to bring them down. So, we commit to reduce absolute Scope 1, 2 and 3 GHG emissions 90% by 2050 from a 2019 base year.

Our direct emissions reductions will be prioritized, and all residual emissions will be neutralized in line with SBTi criteria before reaching net-zero emissions by 2050.

5. CLIMATE CHANGE MITIGATION

5.1. BUILDINGS

Energy consumption in SGS laboratories and offices, primarily from electricity and fossil fuels, represents a large portion of SGS's total energy consumption. Consequently, it is a major focus for SGS.

The following will enable the fulfillment of our objectives:

- Optimization of office space, increasing utilization and leveraging opportunities for remote work wherever feasible
- Transitioning to high energy efficiency buildings and expanding our portfolio of green building certifications
- Conducting due diligence on buildings that SGS may obtain through business acquisitions
- Conducting energy efficiency audits and implementing savings opportunities
- Implementing Green Building Guidelines across our affiliates
- Diversifying energy sources by moving away from fossil fuels to alternatives that are more environmentally friendly. We will prioritize on-site renewable energy development and promote the use of green tariffs, directing investment towards Energy Attribute Certificates (EACs) as necessary
- Encouraging responsible environmental behavior among all SGS employees through education and awareness-raising campaigns

- Promoting building energy efficiency and disclosure through our involvement in strategic partnerships and initiatives

5.2. VEHICLES

We continually strive to reduce our climate impacts, including the emissions from our use of transport fuels.

The following will enable the fulfillment of our objectives:

- Establishment of an average emissions target, expressed in gCO₂/km, that the vehicles of our fleet must meet
- Setup of a threshold, also expressed in gCO₂/km, that new acquired passenger cars cannot exceed
- Ensuring procurement of vehicles that are based on low carbon technologies, such as hybrid, plug-in hybrid, pure electric and natural gas propulsion systems
- Retirement of outdated vehicles
- Adoption of more sustainable fuels in our fleet
- Implementation of smart fleet management
- Provision of efficient driving training to SGS staff

5.3. EMISSIONS FROM OUR VALUE CHAIN

We will align our efforts with our customers' decarbonization commitments, and we expect our suppliers to align with our own commitments, as set out in our Supplier Code of Conduct.

We are also committed to tackling other indirect emissions such as those arising from business travel, employee commuting and waste management.

6. CLIMATE CHANGE ADAPTATION

We are committed to periodically assess the impact of climate change on our strategy, business model and assets.

The results of this assessment will help us minimize risk, maximize opportunities and integrate climate change into our internal strategic planning and decision-making processes, as well as into our analysis, management and reporting of long-term risks.

7. MONITORING

Performance and compliance will be monitored by Corporate Sustainability, based on the data reported from our affiliates. Data will be presented to the Executive Committee every six months.

8. GOVERNANCE

The Chief Executive Officer of SGS is ultimately responsible for the implementation of this policy.

Senior management is responsible for ensuring compliance with this policy, including, but not limited to, the establishment of programs to achieve these targets and compliance with reporting requirements.

Heads of regions and Managing Directors are responsible for deploying these commitments at affiliate level, creating specific action plans and providing the necessary means and resources to comply with these targets.

Sustainability, however, is the responsibility of everyone at SGS, at every level of our organization.

9. OTHER RELEVANT REPORTS AND POLICIES

Other relevant policies:

<https://www.sgs.com/en/sustainability/corporate-sustainability/our-approach#C11>

Our reporting section:

<https://www.sgs.com/en/sustainability/corporate-sustainability/reporting-hub>



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When you need to be sure

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