

# Quantifying the value enabled through our services

— SOME EXAMPLES —



### 'NEXT NORMAL' SOLUTIONS

Through our 'Next Normal' solutions initiative, we brought together a wide range of solutions, both existing and newly developed, to help our customers mitigate potential risks associated with the Covid-19 pandemic.

Our 'Next Normal' solutions contribute to the mitigation of both health and business risks associated with Covid-19, although, due to the novel nature of the virus, the full impacts are still unknown. However, a review of research literature has enabled us to estimate the potential impacts avoided thanks to the implementation of these solutions.

The main impacts we have identified are:

- Human capital: the well-being of people around the globe has been protected, due to the reduced impact of Covid-19 on morbidity and mortality;
- Financial capital: governments and individuals have had lower out-of-pocket medical expenses, and our customers have suffered lower productivity losses.

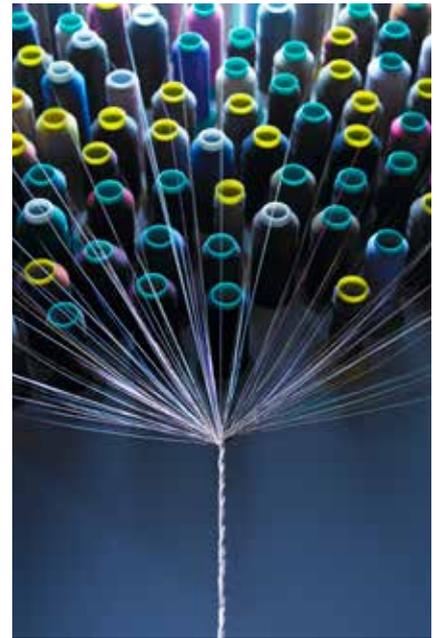
Our SGS Impact Valuation Framework enables us to evaluate, in an integrated way, the total value we add to society, beyond purely financial returns to SGS. Using the Framework, we have estimated the total value to society of our 'Next Normal' solutions to be CHF 149 million.

### BLUESIGN® TEXTILES ENVIRONMENTAL RISK MANAGEMENT

Bluesign®, a member of the SGS Group, provides the textile industry with a systematic approach to measuring and improving the risks and impacts associated with the use of chemicals and resources when creating end products from raw materials. The Bluesign® methodology takes into account the entire production process and minimizes the impacts on people and the environment. The environmental benefits of Bluesign® include reduced water consumption, minimized water pollution and less energy usage. Using our SGS Impact Valuation Framework, we have estimated that Bluesign® services provided to a selected sample of 237 textile mills contributed to a natural capital enhancement of CHF 660 million<sup>1,2</sup>.

### ENERGY MANAGEMENT CERTIFICATION AUDITS

By assessing companies against the ISO 50001 Energy Management Systems Certification, SGS is helping to improve their energy efficiency. Through the implementation of an effective energy management system, organizations can conserve resources, save money and contribute to tackling climate change. In 2020, we helped +1000 companies achieve ISO 50001 certification, avoiding more than 9 million tons of CO<sub>2</sub> emissions, which equates to an estimated value to society of CHF 670 million<sup>1,3</sup>.





### SEED AND CROP SERVICES

Precision agriculture and fertility management solutions help the agricultural sector to effectively use sustainable practices to reduce resource usage, while increasing the production to meet changing demands due to global population growth and new food habits. We achieve this through solutions such as agronomy services, precision farming and soil and water analysis. Thanks to these solutions, society benefits in a number of ways. With reduced fertilizer usage there is less water pollution. By helping to optimize the use of water in the agricultural sector, public water shortages and the associated vulnerabilities are diminished. Finally, by enhancing crop yields, farmers are more effective and productivity is maximized. **In South America and Africa alone, we delivered an estimated value to society of CHF 2.1 billion<sup>1</sup> in natural capital through reduced fertilizer and water usage, and CHF 2.9 billion<sup>1</sup> in financial capital through increased farm productivity.**

### SGS VEHICLE INSPECTION SERVICES

SGS ensures public and private vehicles are compliant with safety and emission standards issued by regulatory authorities. SGS tests more than 13 million vehicles annually, and as a result, reduces road accidents in 10 countries. This provides enormous associated positive economic impacts by saving lives, protecting well-being, reducing medical and insurance costs, and avoiding damage to property, for example. Similarly, air pollution has been minimized by limiting the circulation of over-polluting vehicles. This in turn prevents damage to human health and ecosystems and the associated economic and social costs.

**The value to society derived from our Vehicle Inspection Services amounts to CHF 55 million<sup>1</sup> for natural capital, CHF 186 million<sup>1</sup> for human capital, CHF 16 million<sup>1</sup> for manufactured capital and CHF 92 million<sup>1</sup> for financial capital.**



### SGS ACADEMY

Through the SGS Academy we deliver professional training that contributes to knowledge development. Our courses cover a wide range of topics, from health and safety to leadership and process management. Graduates gain the skills and knowledge to stay up to date with industry regulations and best practice, giving them the opportunity to advance their careers. When companies enroll their employees in SGS Academy training courses they benefit from talent development and retention, enhanced service quality, competitiveness and productivity, and reduced employee risks. **We have calculated this economic benefit to our customers as delivering a value to society of CHF 176 million<sup>1</sup> in financial capital.** At the same time, course attendees are benefiting from better career opportunities and increased employability. **This increases their potential to earn higher salaries, which in 2020 brought with it a value to society of CHF 88 million<sup>1</sup> in intellectual capital.**



## SOCIAL RESPONSIBILITY AUDITS

SGS Social Responsibility Audits assess the controls that companies have in place to prevent issues such as forced labor, discrimination and sexual harassment, that in turn generate significant economic and social costs. These audits are performed against thirdparty standards and corporate codes of conduct and include corrective action monitoring. We assess the value to society derived in terms of improvements to societal well-being in the areas of forced labor, and discrimination and sexual harassment, applying an effectiveness coefficient to take into account that they are only partially responsible for the prevention of poor working conditions or human rights violations. **Our estimated 2020 value to society as a result of the decreased prevalence of these three issues was CHF 300 million<sup>1</sup> in avoided costs.**

For more information about our Impact Valuation Framework, visit [www.sgs.com](http://www.sgs.com)

*1. Relates to 2020 figures. 2. This estimate does not calculate positive impacts and Human Capital value created resulting from risk avoidance e.g. employee and consumer incidents, avoided injuries, fatalities, infringements on labor rights, and occupational hazards. These impacts will be evaluated in an upcoming enhanced evaluation. 3. To calculate the value to society derived from avoided emissions we use the 'social cost of carbon', i.e. the monetary value of negative outcomes such as decreased agricultural productivity, extreme weather conditions and risks to human health associated with the release of one ton of greenhouse gas emissions.*